Austria	Sch 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1200	S Arabia	Rs 6.00
Belgium	Bfr 38	Japan	Y550	Singapore	S$4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 100
Cyprus	Mils 600	Kuwait	Fils 500	Sri Lanka	Rs 30
Denmark	Dkr 7.25	Lebanon	L£ 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr 38	Switzerland	SFr 2.00
Finland	Fmk 5.50	Malaysia	Rnt 4.25	Taiwan	NT$65
France	Fr 6.00	Mexico	Pes 300	Tunisia	Din 0.650
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 180
Greece	Dr 80	Netherlands	Fl 2.50	UAE	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 6.00	USA	$1.50
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Why Britain should stand alone on aircraft, Page 11

NEWS SUMMARY

GENERAL

Britain admits IRA bar 'mistake'

The decision to bar British entry to Mr Martin Galvin, director of Noraid, the U.S. fund-raising body of the IRA, looked like a "bad mistake," Mr James Prior, UK minister responsible for Northern Ireland said.

One person died and 20 were seriously injured at the weekend when police attacked a Belfast rally attended by Mr Galvin.

As pressure grew for an independent inquiry into the incident, Noraid supporters demonstrated outside the British embassy in Dublin and IRA sympathisers occupied the British Airways offices in the city. Page 2

Peres bid fails

Israeli Premier-designate Shimon Peres failed to convince the Left-wing of his Labour alliance to back his efforts to form a national unity government with the Right-wing Likud.

Tamil violence

Two police stations in Sri Lanka were attacked by guerrillas fighting for an independent Tamil state. In the past 10 days 95 people have died in communal fighting on the island. Page 3

Basque bombs

Extremists associated with the Basque separatist movement planted bombs at the premises of two French enterprises in Spain following Paris's crackdown on Basque militants living in France. Page 2

Belgian pickets

Belgian police fired water cannons at about 100 pickets who threw stones at buses taking workers into the Antwerp headquarters of the Monsanto chemical company.

Red Brigade trial

Sig Domenico Pittella, a former Italian senator was among 180 alleged members and sympathisers of the Red Brigades urban guerrilla group recommended to stand trial at the end of a two-year investigation into the group's activities.

SA detainees

The son and two other relatives of jailed South African guerrilla leader Mr Walter Sisulu were detained under security laws that allow them to be held without trial.

Greek blaze

Hundreds of Greek troops fought a large bush fire on coast north of Athens that destroyed six houses and a pine forest.

Boat people flee

A group of Vietnamese boat people sailed from Hong Kong in search of a haven after being told they faced virtual imprisonment if they landed.

Hero for an hour

A policeman hailed as a hero for dismantling a bomb aboard a bus carrying the Turkish Olympic team's luggage to Los Angeles airport was arrested and accused of planting it.

Petrosyan dies

Tigran Petrosyan, world chess champion from 1963 to 1969, died in Moscow after a long illness, aged 55.

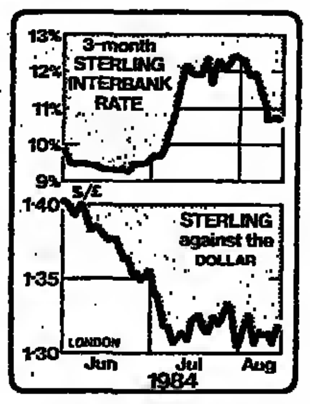
West Indies win

Cricket: The West Indies completed a clean sweep in their test series against England, winning the fifth game at the Oval, London, by 172 runs.

BUSINESS

UK gilts surge on hopes of rate cut

BRITISH government securities advanced strongly as the London market set its sights on another ½ point cut in base lending rates before the end of the week. The three-month London interbank rate closed ⅛ point lower at 10$^{15}/_{16}$ per cent. Gilts prices, Page 22; Money markets, Page 27



LONDON equities were buoyed by lower interest rate hopes and the FT Industrial Ordinary index rose 9.1 to 849.6, its highest for almost three months. Section II

STERLING improved 1.3 cents in London to $1.3185. It was also higher at FFr 11.71 (FFr 11.6625) and Y319.75 (Y318.5) but slipped to DM 3.805 (DM 3.8075) and SwFr 3.1925 (SwFr 3.2). Its trade-weighted index improved to 78.8 from 78.5. In New York it closed at $1.3245. Page 27

DOLLAR lost ground in London to close at DM 2.888 (DM 2.914), SwFr 2.421 (SwFr 2.45), FFr 8.86 (FFr 8.9425) and Y241.6 (Y244.05). On Bank of England figures its trade-weighted index fell to 136.4 from 137.8. In New York it closed at DM 2.8697, FFr 8.8050, SwFr 2.4070 and Y240.4. Page 27

WALL STREET: By 3pm the Dow Jones industrial average was 1.11 down at 1,218.97. Section II

TOKYO shares were broadly weaker with the Nikkei Dow market indicator, down for the first time in four sessions, 28.70 off at 10,360.92. Section II

GOLD rose $10 on the London bullion market to $354.75. It was also higher in Frankfurt at $354.00 and in Zurich at $353.375. In New York the Comex August settlement was $355. Page 26

ATLANTIC RICHFIELD, the U.S. oil company is conducting joint feasibility studies for the development of China's first major oil find in the South China Sea, 65 miles from Hainan Island.

FOREIGN manufacturers raised their share of the French car market to 41 per cent in July from 34.9 per cent in June, despite lost production during the West German metalworkers' strike.

HOOGOVENS, the dominant Dutch steel producer, confirmed its strong recovery with earnings for the first half of Fl 102m ($31m), compared with a loss of Fl 62m in the same period last year. Page 15

J. C. PENNEY, the second largest U.S. retailer, saw second quarter earnings fall to $49m from $55m, taking first half earnings to $118m, compared with $113m in the corresponding period last year. Page 14

Today's international edition is published in two sections, reflecting the seasonal reduction in pagination. Companies and Markets are combined in Section II.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

France maintains independence over export curbs

BY DAVID MARSH IN PARIS

FRANCE'S latest disagreement with the U.S. over technology exports to the Soviet bloc follows a long line of policy differences over East-West trade controls.

Washington has been worrying for 30 years about France's potential as a channel for militarily valuable Western expertise to pass to Warsaw Pact countries.

Paris and Washington are now placing different interpretations on last month's Western agreement over technology exports worked out at the 15-member Co-ordinating Committee (Cocom).

Washington's fundamental doubts, therefore, about French links with the East look likely to continue despite President François Mitterrand's strong support for President Ronald Reagan over strategic issues and tough measures last year to clamp down on Soviet espionage in France.

Pointing out that the key to Washington's suspicions lies in France's independent foreign policy approach laid down by President Charles de Gaulle, one Western diplomat in Paris said: "The departure of the Communists from the Government is unlikely to make much difference."

Franco-Russian ties on space projects and suggestions earlier this year that Moscow might be anxious to co-operate with the French in developing nuclear power appear to have added to preoccupations over France's technology "leakiness" among hard-liners in the U.S. Administration.

In practice, however, the degree to which Paris and Washington can afford to differ over technology transfers to the Soviet bloc is limited by mutual self-interest.

The U.S. is anxious that efforts to bring its Western allies into line over export controls should not rebound on American companies or on its own strategic interests. Past experience has shown that overforceful U.S. attempts to regulate trade in technologies in which it is dominant can strengthen European efforts to reduce dependence on U.S. know-how, leading ultimately to a weakening of American leverage over East-West trade.

France's own increased technology links with the U.S. also help push Paris towards compromise. State-owned French electronics companies such as the Thomson group – which has high hopes of boosting its military communications equipment sales to the U.S. – now have a great deal of transatlantic business. They are unwilling to offend American sensitivities over East-West trade for fear of jeopardising far more important commercial ties.

The latest Franco-U.S. divergence results from last month's Cocom decision to embargo western exports of electronic telephone switching systems to the Soviet bloc.

This caused Plessey and GEC of Britain and L.M. Ericsson of Sweden to pull out of bidding to supply digital telephone exchanges to Bulgaria. Alcatel-Thomson, the French state-owned telephones grouping recently formed by the merger of the telecommunications interests of CIT-Alcatel and Thomson, has confirmed that it is not withdrawing its offer to supply its MT-20 system to Sofia.

The French Government regards bidding for such deals as perfectly legitimate. If France wins the contract delivery need not take place until after 1988, the date set in the Cocom agreement as the limit for the export ban.

Although U.S. officials are playing down any question of confrontation with France over the issue – after all, no deal has yet been signed – the French attitude is hardly regarded as in line with the spirit of the Cocom accord.

France is already going ahead with delivery of an MT-20 exchange to Leningrad despite earlier U.S. opposition, and delivered an electronic exchange to Bulgaria in 1980. France's desire to stick to its guns over the matter has probably been reinforced by recent tough statements from the West German Gov-

Continued on Page 12

Ferraro fails to boost Mondale in polls

By Reginald Dale in Washington

MR WALTER MONDALE, the Democratic presidential challenger, yesterday received potential ominous news from a major public opinion poll which put his White House campaign 15 percentage points behind that of President Ronald Reagan.

Organisers of the poll said the results suggested that Mr Mondale had failed to gain the political boost he had hoped for from last month's Democratic Party convention in San Francisco and the history-making choice of Ms Geraldine Ferraro as his vice presidential running-mate.

The New York Times/CBS news poll showed the Reagan-Bush ticket with a lead of 49 to 34 per cent over the Mondale-Ferraro partnership. The lead was identical to the 15 point advantage that Mr Reagan held over Mr Mondale in a similar poll taken in late June before the convention and before Ms Ferraro's nomination.

The poll was released as Republican leaders opened their first concerted attack on Ms Ferraro in the hope of tarnishing some of the glamour that has so far surrounded her national debut.

The Republicans believe they have at last found what they call a "genderless issue" to discredit her, following Sunday's announcement that her husband, Mr John Zaccaro, a New York property developer, will not release his income tax returns when she discloses details of her personal finances.

Ms Farraro had earlier promised that she and her husband would make full financial statements by next Monday, including disclosure of both their tax returns. While she is legally required to make a full disclosure as a candidate for national office, her husband is not.

Never the less, his refusal to do so, for business reasons, has subjected Ms Ferraro to a non-stop barrage of cross-examination by the media and critical editorials in yesterday's Washington Post and New York Times. Pestered about the issue in television appearances over the past few days, she has begun to look nervous and defensive.

Senator Robert Dole, the influential chairman of the Senate Finance Committee, and the office of Vice-President George Bush, led the Republican attack, with Mr Dole saying that the change of mind over her husband's tax returns raised "a serious question."

Reagan 'nods off,' Page 4

Warburg parent plans £350m merger with UK brokers, jobber

BY ALEXANDER NICOLL IN LONDON

MERCURY SECURITIES, parent of merchant bank S.G. Warburg, plans to merge with two stockbrokers and a leading stockjobber to form a U.S.-style investment bank. The move, announced yesterday, is the widest-ranging alliance yet forged in the City of London's current restructuring.

The merger, which cannot take place until stock exchange restrictions on ownership of member firms are relaxed, will unite Mercury with jobbers Akroyd & Smithers – in which Mercury already holds 29.9 per cent – stockbrokers Rowe & Pitman and Mullens, the gilts specialist.

Mercury shareholders will hold a majority of the new group, which at current market prices would have a market value of more than £350m ($462m). It will have capital and reserves of £223m.

The new group will be chaired by Mr David Scholey, chairman of Mercury.

The international dealing operations of the group's participants will be combined as soon as possible. Rowe & Pitman and Akroyd have already pooled their international equity research and trading in a joint venture, and Warburg and Akroyd have set up a dealing firm in New York.

Other activities of the four participants, especially their respective skills in London share and government bond trading, will be united when the rules permit. In other areas, including corporate finance and investment management, the group will maintain separate units tailored to meet clients' needs.

Charter Consolidated, the industrial and mining group, holds a 29.9 per cent stake in Rowe & Pitman, purchased for £16.2m. It will inject a further £17.7m into the new group, giving it a 5 per cent holding which will rise to 8.9 per cent on full conversion of preference shares.

Mr Peter Wilmot-Sitwell, senior partner of Rowe & Pitman, said Charter would retain its holding as a portfolio investment.

The terms of the deal put an overall value on Rowe & Pitman of £60.4m. But partners will withdraw some capital before the merger takes place, reducing the figure to £42.5m. The deal puts so-called "golden handcuffs" on the partners, for they will lose the right to convert preference shares into ordinary shares of the new group if they are not still employed by it in 1989.

Based upon most recent balance sheets, shareholders' funds of the combined group would be larger than those of other British merchant banks. But its nearest rivals, Kleinwort Benson and Hill Samuel, have also been expanding recently through purchases of stakes, respectively, in stockbrokers Grieveson Grant and Wood Mackenzie.

Perhaps more significantly, the merger will create a group comparable with major U.S. investment banks, which are seen as a model for the new UK financial conglomerates because they are able to perform under one roof functions which in Britain have long been kept separate.

Figures furnished by Mercury show that the new group would have greater equity capital than Morgan Stanley or Donaldson Lufkin Jenrette, but less than Goldman Sachs. It would, of course, be far smaller than the two largest U.S. houses, Merrill Lynch and Salomon Brothers.

By resolving the future of Mullens, the planned combination resolves what must have been a ticklish problem for the Bank of England as well as for the firm's partners. Mullens has owed its position largely to its role as the conduit for government debt to the market, a function which it will lose when the Bank of England deals directly with primary dealers along U.S. lines.

The Bank of England, by absorbing Mr Nigel Althaus, the Government Broker, and his dealer, Mr Kenneth Hill, will get the benefit of their expertise in a similar role, while the merged Mercury group will win access to Mullens' distribution network.

The breadth of the new group can be seen by a brief look at its component parts:

- International securities business. In addition to the dealing links already mentioned, Mr Scholey acknowledged yesterday that the group would still need to establish a stronger international base.

Mercury's vice-chairman, Lord Garmoyle, said: "Presence in New York and Tokyo is going to be very important in providing a full service."

The merger participants have

Continued on Page 12

Lex, Page 12; Men and Matters, Page 10

Stoltenberg will resist calls for higher spending

BY JONATHAN CARR IN BONN

HERR GERHARD Stoltenberg, the West German Finance Minister, has served notice that he will resist all pressures – including those from within the Bonn coalition – for steps which could hinder further cuts in government borrowing.

Herr Stoltenberg stressed that Bonn had to maintain the credibility of its budget savings policy, so that domestic interest rates could stay relatively low and help promote economic recovery.

The minister's comments at a press conference yesterday come at a time of growing public discussion about whether the state should spend more – or save less – to try to boost economic growth.

Some of the country's economic research institutes suggest that Bonn should adopt a more expansionary budget policy – partly because of the recent metalworkers' strike, which undercut growth prospects.

Moreover, Herr Martin Bangemann, the new Economics Minister, said last week further tax cuts and other steps might be needed if the economy showed further signs of faltering. At present a real economic growth rate this year of about 2.5 per cent is expected, instead of the 3 to 3.5 per cent hoped for a few months ago.

But Herr Stoltenberg underlined that it was due in part to a strict budget consolidation policy that West Germany had among the lowest interest rates in the industrialised world. In particular domestic long-term rates were around 5 per cent lower than those in the U.S.

The minister said it was planned to cut the federal Government's net borrowing requirement from somewhat less than DM 30bn ($10.3bn) this year to DM 22.4bn in 1988. But even the latter figure was still too high, Herr Stoltenberg said.

His longer term aim was to stabilise net government borrowing at around 1 per cent of gross national product (a sum which at present would be about DM 17bn), irrespective of the profit Bonn received annually from the Bundesbank. Last year the central bank made DM 11.4bn in profit, which it is handing over to the Government to cut the deficit for the 1984 fiscal year.

Herr Stoltenberg's firm public comments are felt certain to be welcomed by the Bundesbank, where there were clear signs of unease about Herr Bangemann's remarks last week.

It was feared at the central bank that Herr Bangemann's statements might be interpreted in the currency markets as a sign of a more lax government budget stance.

That in turn, it was felt, could encourage the trend to long-term capital outflows from Germany already evident in the last few months, and weaken the D-Mark above all against the high-flying U.S. dollar. The central bank might then feel impelled to raise its key interest rates, despite the depressive impact of that action on the economy at home.

Cable & Wireless buys BP's stake in British Telecom rival

BY GUY DE JONQUIERES IN LONDON

CABLE & Wireless, the UK-based telecommunications company, plans to take complete control of Mercury, the privately-financed competitor to British Telecom, by acquiring for about £30m ($39.6m) the 50 per cent shareholding owned by British Petroleum.

Cable & Wireless and BP said that they had agreed that a full takeover would help Mercury to develop faster by allowing its planned UK network to be integrated with Cable and Wireless' extensive international telecommunications activities.

The agreement is conditional on Cable & Wireless receiving a full telecommunications licence from the British Government later this year. But the company is taking immediate management control of Mercury, which will become a wholly-owned subsidiary.

It said that Mr Norman Tebbit, UK Secretary of State for Trade and Industry, had been advised of the change of ownership and had raised no objections.

BP, which will be paid the £28m it has contributed to Mercury plus £2m costs, denied that it was disappointed by the project's performance. It recognised, however, that it lacked the technical skills needed to play a full role in Mercury's management.

When Mercury was formed in late 1981, with strong government backing, Cable & Wireless and BP each owned 40 per cent of the venture and Barclays Merchant Bank 20 per cent. Barclays Merchant Bank withdrew last May and its stake was divided equally between the two other shareholders.

The acquisition marks Cable & Wireless' return to the UK as a fully-fledged telecommunications operator after almost 30 years. Until it was nationalised in 1946, it ran a number of international services in Britain and had a network of 60 offices there. It was sold to the private sector in 1981 and had a pre-tax profit of £190.1m on sales of £650.4m.

Cable & Wireless said Mercury's development would continue as planned and expected investment to total about £200m by 1990, most for a sophisticated optical fibre network being built to connect major cities in England and Wales.

Cable & Wireless' share price rose 8p to close at 333p yesterday.

Mercury has negligible turnover and is only offering limited services to a few subscribers in London. Eventually, it hopes to compete with British Telecom for large business customers throughout the country.

News analysis, Page 15; Lex, Page 12

CONTENTS

EUROPEAN NEWS

Opposition senators lose battle over French referendum

BY DAVID MARSH IN PARIS

FRANCE'S "referendum battle" over President François Mitterrand's plan to allow a poll on national civil liberties has developed into a complex propaganda war in which the right-wing opposition is taking the heaviest casualties.

In the latest skirmish, three opposition senators yesterday lost a court action attempting to stop a national advertising campaign by referendum supporters. The campaign uses an opinion poll which indicates that most electors agree with the Mitterrand initiative.

The debate over the referendum was launched after M Mitterrand last month withdrew the Socialist Government's controversial schools bill and proposed changing the constitution to allow matters of individual liberties, such as education, to be open to popular consultation – Swiss style. This amendment itself would be voted on by a referendum proposed to be held next month.

The right-wing cootrolled Senate, which earlier had called for a referendum over the schools issue, opposed the Mitterrand move as a "diversion" and voted last week to block any question of a constitutional amendment.

The opinion poll, carried out by the Ipsos survey organisation and published in the daily Le Matin newspaper on August 3, indicated that 70 per cent of French people favoured a referendum on civil liberties.

The poll findings have been taken up in a lavish press and bill-board advertising campaign launched by the newly-formed Association for the Referendum. Although this body is not directly affiliated to the Socialists, the publicity campaign is clearly aimed at exploiting the Opposition's discomfort over its contradictory tactics in the Senate.

Basques bomb French businesses in Spain

BY DAVID WHITE IN MADRID

THE CAMPAIGN by extremist groups against French authorities which are aiding action against Spanish Basque terrorists living in France brought a fresh series of bomb attacks yesterday directed at French business interests in Spain.

One device was exploded by police bomb disposal experts at the Madrid premises of Banque Nationale de Paris, the largest French state-owned bank, which has an extensive Spanish operation. The experts were sent in after a woman claiming to represent the far-left terrorist group Grapo rang the fire brigade with advance notice of the explosion.

Grapo, which has carried out attacks on behalf of Basque separatist groups, was also suspected in bomb attacks at Renault garages in Madrid and Barcelona. In both cases armed men and women cleared the building before the explosions. No one was hurt in the incidents.

Near Bilbao, a French registered car was set alight in the latest of dozens of such incidents since the French Socialist Government stepped up its collaboration with Madrid at the beginning of the year.

The attacks followed the death on Monday of a member of the Autonomous Anti-Capitalist Commandos, a splinter group of ETA, the Basque separatist organisation, in a shoot-out with police shortly after bombs had been placed at a Citroën showroom in the Basque region. Both Renault and Citroën have manufacturing subsidiaries in Spain.

The Commandos yesterday issued a statement confirming that the man, Pablo Gode Pego, was a member of the organisation and called for "mobilisation" against the extradition of accused ETA men from France.

The campaign has built up in anticipation of the French Government's decision on four Spaniards whose extradition was recommended by a court in Pau last week. France has refused extradition of Basque militants to Spain but since January this year has agreed to deport them from French territory to host countries in Central and South America.

EEC aims to speed flow of data

By Ivo Dawnay in Brussels

AN EXPERIMENTAL scheme for reducing Europe's paper mountains, while boosting the exchange of information, was announced yesterday by the EEC.

Regrettably, however, the Ecu 15.1m ($11.7m) project will do little to cut the output of the greatest offenders – the Community institutions themselves.

The main objective of the programme, christened Doedel, is to devise electronic systems to distribute articles, research and data on all branches of science, technology, medicine and socio-economics.

According to the European Commission, about 2m such articles are published in the Community each year, and the volume is increasing by as much as 10 per cent annually.

Libraries and other information sources, however, are receiving only half a million requests yearly for just a small proportion of the information published.

Doedel aims to build on the existing 500 databases created under the earlier Euronet Diane scheme by providing an electronic delivery, storage and transmission service available in all EEC member states.

When completed, the new service should be capable of storing and transmitting more than 1m pages of text including graphics and complex chemical and mathematical formulae.

The Commission has put up Ecu 3.7m towards the scheme, with the remainder coming from 35 companies representing publishing, software and computer service interests.

Among the 10 experiments envisaged are: The storage of 100 scientific journals in their entirety; the full texts of French patents and technical reports, using a new micro-fiche system and digital optical discs; the provision of videotext terminals throughout Europe giving access to EEC documents; four projects aimed at creating electronic journals by allowing authors to submit manuscripts to a publisher which, if accepted, would then be available on a databank or on discs; the creation of a system of standards for electronic publishing and a study of the costs of publishing individual articles such as doctoral theses on demand.

WALESA COMMEMORATES STRIKE WITH FLOWERS

Gdansk stays low-key in amnesty

BY LESLIE COLITT IN WARSAW

THE BEGINNING of the strike in the Lenin shipyard in Gdansk four years ago was marked yesterday in a deliberately low-key ceremony by the head of Poland's now-banned Solidarity trade union.

Mr Lech Walesa and about 200 fellow shipyard workers laid flowers and knelt in prayer at the soaring three-crosses monument just outside the shipyard's main gate. It was dedicated in 1980 to shipyard workers who died in clashes with the security forces in 1970.

The Solidarity leader said afterwards thet he intentionally marked the anniversary in a quiet manner because the current government amnesty for political prisoners had created a oew situation in Poland.

"The amnesty is a step in the right direction," he said. "Let us not interfere with the next step."

In contrast to last year's ceremony, when riot policemen sealed off the area to prevent Mr Walesa's supporters from joining him, ordinary policemen stood in the streets but made no effort to prevent access to the monument.

Mr Walesa said he had planned to invite several Solidarity leaders recently released from prison to accompany him in the ceremony, but bad changed his mind. He did not, however, rule out a meeting with them to map out future strategy which had been mentioned by opposition leaders.

"We will do our best not to use people who were just released from prison, so that they are not imprisoned again," Mr Walesa said.

He noted the amnesty had created conditions for a possible dialogue with the Government, and that Solidarity should do nothing to disrupt this.

A prominent adviser to Mr Walesa, Mr Bronislaw Geremek, said last week that union leaders were now prepared to work within the framework of the new government-sanctioned trade unions, but would try to expand them in a 'pluralistic' direction.

The Government newspaper, Rzeczpospolita, carried a long article oo the anniversary of the strike. It mentioned the ensuing agreements between the Government and the strikers in Gdansk and Szczecin, saying they should be "remembered," but the commentary did not appear to encourage Mr Walesa's belief that accommodation between the Government and the opposition was possible.

Polish bank redeems May bonds

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

BANK HANDLOWY, Poland's foreign trade bank, said yesterday it has now repaid private investors in its SwFr 41m ($16.7m) private placement that fell due for redemption on May 2.

Its statement yesterday appears to mark an end to a bitter row that developed between the bank and the managers of the private placement after Bank Handlowy withheld payment of SwFr 12.3m in May, arguing that it could not transfer funds without a breakdown showing how much of the paper was in the hands of commercial banks and other institutional investors.

Bank Handlowy argued that to do so would have run counter to its rescheduling agreements with commercial bank creditors.

Under these agreements, bonds issued by Bank Handlowy fall outside the debt rescheduling only if they are in the hands of private individuals.

But the lead managers countered that disclosure of names of investors in the private placement would infringe bank secrecy laws and seriously jeopardise confidence in the Swiss capital market.

Kredietbank (Suisse), which has been acting as spokesman for the lead managers, declined to comment yesterday.

Banking sources in Switzerland said, however, that a compromise had been reached whereby payment would be made by Bank Handlowy on simple representation of an affidavit from the lead managers that the bond holders in question were private individuals.

As no names were disclosed, bank secrecy was not infringed. Swiss Bank Corporation, which is national Swiss agent for the Polish rescheduling, acted as an intermediary between the lead managers and Bank Handlowy.

Union unrest at Greek U.S. bases

BY ANDRIANA IERIODIACONOU IN ATHENS

GREEK TRADE Unionists at the four U.S. military bases in Athens have accused the U.S. authorities of systematically firing local employees who led a protracted and acrimonious strike last July.

In a letter of protest sent to the Greek Labour Ministry this week, the communist-controlled Union of U.S. Forces Workers, which represents the majority of the 1,600 Greeks employed at the bases, called for immediate protection for workers.

According to the union, 16 Greek base employees have been fired in August, including the union's secretary and treasurer and a number of members of an action committee, which organised last month's strike.

U.S. officials yesterday denied that mass retaliatory dismissals are under way. "The base authorities have decided on several dismissals on a case-by-case basis, and for cause," one official said.

The July strike badly soured Athens-Washington relations, which were already going through a crisis at the time over reports that the U.S. had cancelled deliveries of second-hand fighter planes to Greece because of the Socialist Government's pro-Soviet foreign policy.

The strike was eventually resolved with the signing of a memorandum of understanding on July 26 between the U.S. embassy in Athens and the Greek Foreign Ministry.

According to the American side, the memorandum is provisional and the status of the Greek base workers is still to be worked out through government-to-government negotiations.

The memorandum rules against the reduction of weekly working hours from 39 to 37½, as in the Greek public sector. But it partly approved a demand for a retroactive revision of the number of promotion steps and the length of time within each step for Greek workers. It also ruled against mass layoffs.

Kohl rejects Soviet claim as 'propaganda'

WEST GERMAN Chancellor Helmut Kohl yesterday dismissed a Soviet press campaign against his country as a "propaganda steamroller" meant only to impress Moscow's Warsaw Pact allies.

The Chancellor, interviewed on Austrian radio, rejected Soviet accusations that West Germany was bent on regaining territory lost after World War II.

Herr Kohl, vacationing at St. Gilgen, about 10 kilometers east of Salzburg, said he believed East German leader Herr Erich Honecker would not cancel a planned visit to West Germany, despite Soviet disapproval.

"The Soviet propaganda steamroller has not convinced me at all. All Soviet leaders who have anything to say and have to make the decisions, know of course, that there is no revanchism here," he said.

● A West German government helicopter was hit yesterday by sniper fire while on its way to collect Herr Kurt Rehmann, the Chief Federal Prosecutor.

The incident occured near the federal court and prosecutor's buildings in Karlsruhe, about 200km southeast of Bonn.

It is not known how many shots were fired or who was responsible but an official investigaton is underway. The helicopter's fuselage was dented by one of the shots.

The pilot landed the helicopter after being told by police that shots had been fired. Agencies

Danish first-half deficit doubles

By Hilary Barnes in Copenhagen

DENMARK'S first half current balance of payments deficit doubled from DKr 5.1bn ($481m) to DKr 10.1bn, according to official figures published yesterday. The second quarter deficit increased to DKr 4.6bn from DKr 2.7bn last year.

The coalition government has forecast a deficit for this year of about DKr 12bn. Mr Anders Andersen, the Economy Minister, has conceded that the deficit is likely to rise to about DKr 15bn, a level which he described as "unacceptable." However, the Government has no immediate plans to intervene to control domestic demand.

With a net foreign debt equal to 36 per cent of the gross domestic product, the Government has made a reduction in the current account deficit a top priority and hopes to eliminate the deficit within the next three or four years.

But after reducing the deficit from DKr 18.7bn in 1982 to DKr 10.8bn last year, the deficit has begun to rise again under the impact of increasing net interest payments, caused primarily by the strength of the dollar, and rising business investment and private consumption spending.

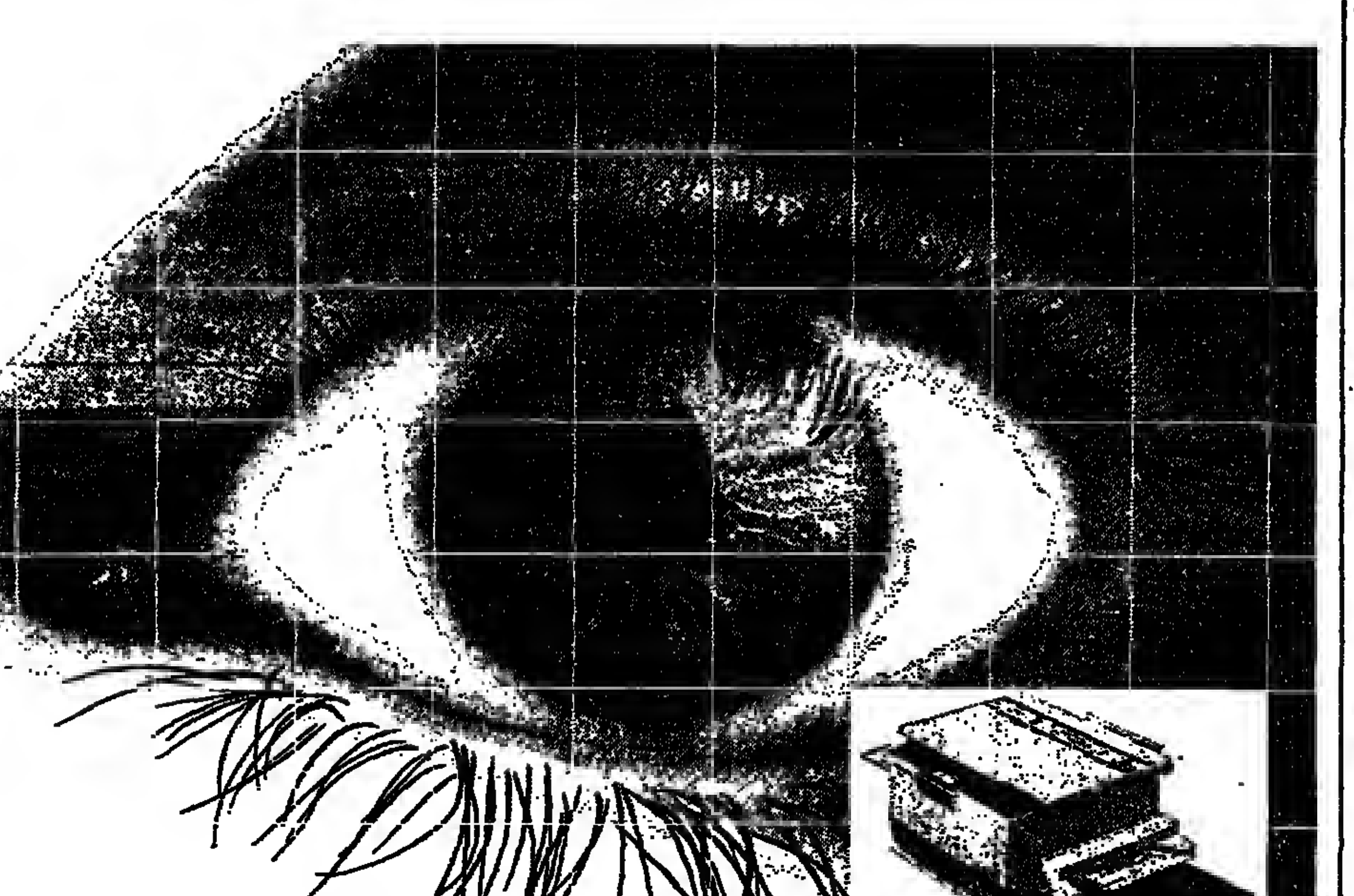
The deterioration in the first-half deficit this year was caused primarily by a swing from a surplus on trade invisibles of DKr 1.9bn last year to a deficit this year of DKr 2.1bn.

Norske Shell confirms find

By Fay Gjester in Oslo

SHELL'S Norwegian subsidiary, Norske Shell, has confirmed reports that it has found oil in a Halten Bank area well, off the coast of central Norway.

It said tests would be run over the next few weeks, and the results of these would be available about mid-September. But it was still too early to say anything about the size of the discovery, or whether it would be commercially exploitable.



UK NEWS

Ban on Noraid man a mistake says Prior

BY MARGARET VAN HATTEM

MR JAMES PRIOR, the Northern Ireland Secretary, yesterday accepted full responsibility for what be termed the mistaken decision to ban an IRA supporter from the UK.

It was the illegal appearance of Mr Martin Galvin, a director of the U.S. fund-raising agency Noraid at a Sinn Fein rally in Belfast oo Sunday, that provoked the Royal Ulster Constabulary (RUC) to attack the crowd of Sinn Fein supporters. In an abortive attempt to arrest Mr Galvin, one man was killed by a plastic bullet and 20 people were seriously injured.

Amid mounting pressure for an independent inquiry into the affair, Mr Prior broke off his holiday and returned to London to take charge of the situation. He said the "dreadful scenes on television" arising from the incident were "an enormous setback" to his efforts to improve relations between the two communities in Northern Ireland.

While expressing his full confidence in Sir John Herman, the Ulster Chief Constable, who has set up a police inquiry into the events, Mr Prior said he would consider carefully the case for an independent inquiry.

Mr Prior said: "In retrospect, the decision to ban Galvin's entry looks like a bad mistake. At the time it didn't look that way. If things had worked out differently we might have been under just as much criticism if we had not banned him from coming here."

In Dublin, where there were demonstrations over Sunday's events, officials welcomed Mr Prior's statement as "helpful". But they said further action, such as an independent inquiry or a tightening of the rules on the use of plastic bullets would be needed to defuse the situation.

In London, Mr Neil Kinnock, the Labour leader, published a letter to Mrs Margaret Thatcher, Prime Minister, in which he called for an immediate independent inquiry into the handling of the affair both by ministers and by the RUC.

Use of an "unacceptable level of force by the police, indicated a changing in policing methods which required investigation," he said.

Sinn Fein, the political wing of the IRA, said it would have nothing to do with the RUC's inquiry. A team of detectives will take evidence from police officers, reporters and cameramen who were at the centre of the disturbances and will seek to interview eye-witnesses.

Lotus 'set back 18 months' by the De Lorean affair

BY JOHN GRIFFITHS

GROUP LOTUS, the public sports car company, had been "set back" by 18 months as a result of various investigations into the De Lorean affair, Mr Alan Curtis, Lotus deputy chairman, said yesterday.

He insisted that Lotus had nothing to fear from allegations of a swindle made last weekend by Mr John De Lorean's lawyer. Mr Colin Chapman, the late chairman of Lotus, was said to have "swindled" Mr De Lorean out of the $17.65m which disappeared while Lotus was developing the stainless steel sports car for De Lorean.

Speculation has persisted for many months over how the $17.65m disappeared from GPD Services, a Swiss-based company which was supposedly to be the intermediary through which De Lorean would pay Lotus for developing the car. More than $5m was contributed by UK taxpayers and the rest by U.S. investors.

None of the money reached Group Lotus, which instead was paid £11.5m directly by the UK Government-financed De Lorean manufacturing subsidiary in Belfast.

However, in making his allegation, Mr De Lorean's lawyer appeared to ignore evidence indicating that some $8.5m of the missing funds was used to help Mr De Lorean himself buy Logan Manufacturing, a snow equipment company based in Utah.

Sir Kenneth Cork, one of the De Lorean receivers, gave evidence to the House of Commons Public Accounts Committee (PAC) inquiring into the affair that the $8.5m appeared to have been used as the guarantee for a loan with which Mr De Lorean had acquired Logan. He said the money appeared to have passed first through a Swiss lawyer, then to a Rothschild bank in Switzerland and finally through three banks in the U.S.

In January of this year, the U.S. Bankruptcy Court in Detroit issued an order placing restrictions on any sale of Logan by Mr De Lorean.

With Mr Chapman's death 19 months ago, Mr De Lorean is the man best-placed, but following the weekend's allegations least likely, to shed full light on the conjecture that he, Mr Chapman or both were party to the $17.65m's disappearance.

Mr De Lorean at one stage said he was prepared to give evidence before the Public Accounts Committee, but failed to appear.

The De Lorean receivers, Royal Ulster Constabulary and U.S. authorities are continuing investigations into the whereabouts of the missing funds. The PAC concluded last month in its first report on its De Lorean inquiries that there had been a "scandalous" waste of £76m of UK taxpayers' money.

Whatever Mr Chapman's real role in the affair, Mr Curtis' assertion that Group Lotus itself has nothing to fear is supported by the fact that its books have now been combed through by three sets of accountants and auditors: Peat, Marwick, Mitchell; Price Waterhouse and Arthur Andersen Co, as well as the Department of Trade and Inland Revenue.

Lotus spent £140,000 fighting off an £85m protective tax assessment imposed by the Inland Revenue at the end of last year as part of wider investigations into the De Lorean affair.

Lotus won its appeal against the assessment in May, and the three months available to the Inland Revenue in which to lodge its own appeal against the tax commissioners' findings expired last week.

Scottish miners to test law on ballot

A GROUP of working miners at a Scottish colliery is preparing to take legal action against the National Union of Mineworkers (NUM) to force a ballot on the 23-week-old UK coal strike.

Working miners at Bilston Glen colliery, near Edinburgh, said lawyers had been in touch with solicitors in Yorkshire who were taking similar action against the union on behalf of miners there.

He said Edinburgh lawyers were studying the Yorkshire case to discover its similarities with a view to bringing a case under Scottish law.

If the case went ahead it would mark a further success for the group of Nottinghamshire mineworkers who have travelled Britain making contact with colleagues disaffected with the strike. It would also represent a further blow to the unity of the strike in Scotland which is strongly led by the militant left wing of the Num.

● British Airways plans to start flights from London (Heathrow) to Orlando, Florida, next April. At that time the current moratorium on the introduction of new air services between the U.S. and the UK comes to an end, enabling a wide range of new flights between the two countries to start.

● General Motors' car output in Britain fell by 1.85 per cent in the first half of this year in spite of the success of the Vauxhall-Opel group. Nonetheless GM boosted its UK car market share in the first half from 14.1 per cent to 17.9 per cent.

● The Government yesterday appointed Mr Richard H. Burton, former chairman of Gillette Industries, to chairman of the Cable Authority, the body which will regulate the development of multi-channel cable television in Britain.

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FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022

OVERSEAS NEWS

Sri Lanka fears grow as violence goes on

GUERRILLAS fighting for an independent Tamil state in Northern Sri Lanka attacked two police stations yesterday, Mr Lalith Athulathmudali, National Security Minister said, Reuter reports from Colombo. Police repulsed the guerrillas without casualties on either side.

The Minister said that the Transport Minister, Mr M. N. Mohamed had left for the village of Mannar to investigate allegations that army personnel had burned dozens of shops there last Saturday.

The death toll in the past 10 days has risen to 95, including 12 servicemen, according to official figures.

President Junius Jayewardene told a rally in central Sri Lanka on Monday that the majority Sinhalese should be able to live in the Tamil Northern part of the island and that Tamils had a right to live in the South. "I will not allow certain sections to divide this country."

In the Indian state of Tamil Nadu schools and colleges were closed for one week and security was tightened around the U.S. and Sri Lankan consulates amid growing calls for Indian intervention in Sri Lanka's violence.

JAFFNA — Round-the-clock funeral parlours are the only businesses sure to be open these days in Jaffna, the frightened capital of Sri Lanka's Tamil north.

With resident staying indoors for fear of being caught in cross-fire between Tamil separatist guerrillas and the army, almost all shops are shut.

Taxi drivers rarely venture out. One was shot dead in his cab on Friday.

On one almost deserted street, one Roman Catholic told journalists he was too frightened to go to Sunday mass. "We are afraid we will get shot."

The general hospital is working overtime but with only half its staff, doctors said. The rest have been afraid to come to work since the building was hit by gunfire on August 5 and 6.

But the funeral parlours, with names like New Bright House and White House, provide a 24-hour service for victims of the latest round of violence between security forces and Tamils fighting for a state free from the Sinhalese majority.

In the past 10 days, almost 100 people have died in the Tamil north.

In Jaffna and other Tamil towns, residents claim that soldiers of the mainly Sinhalese army have fired at random at crowds to avenge separatist attacks. This is vehemently denied by Mr Lalith Athulathmudali, National Security Minister.

The Tamils, who make up 2.5m of Sri Lanka's 15m people, accuse the Sinhalese of descriminating against them in language, jobs and education.

About 400 people, mostly Tamil, died in ethnic clashes in Sri Lanka last year, and Tamil leaders say the current violence could get worse.

A retired civil servant said the Government was blaming all violence on the guerrillas—officially termed terrorists, but popularly called "the Boys."

Nobody interviewed in Jaffna defended the violence. But nobody condemned "the Boys."

The Roman Catholic bishop of Jaffna said he could not condemn them because they were militants fighting for a cause.

The danger is not from the people. It's from the army," he alleged. "The army is behaving like an occupation army."

A civil servant said Jaffna's administration fell apart with the outbreak of violence 10 days ago. Many Tamils had all but given up hope of a peaceful settlement to the ethnic problem.

A conference sponsored by the Government is due to resume sittings on Friday to try to find a solution that would give enough autonomy to satisfy the Tamils without threatening Sri Lanka's unity.

The Tamil leaders complain that the talks, attended by delegations from political parties, ethnic groups and religious organisations, have made little progress since they began last January.

Given the insecurity on northern roads, the safest way to reach the Jaffna peninsula from the main part of Sri Lanka is by rail.

Armed troops guard the trains and once in Tamil territory, they don steel helmets and take up defensive positions.

Trains in and out of Jaffna are guarded by dozens of soldiers armed with AK47 rifles and tear-gas guns.

About 50 soldiers man a road-block at the northern end of Elephant Pass, a narrow causeway through marshland linking the arid Jaffna Peninsula to Sri Lanka.

Some villages north of Jaffna are even more tense, still stunned by recent violence.

One young man, who fled here last year after anti-Tamil riots in Colombo, said some people were beginning to support the fight for independence out of desperation.

"We want Tamil Eelam," he said using the Tamil term for a separate state. "We want a separate country, so we can live in peace."

Reuter

Macao Chinese join game Portuguese play

BY DAVID DODWELL IN MACAO

ASSEMBLY elections being held today in Macao are expected to give the Chinese *majority in this Portuguese*-administered territory their first taste of democracy.

Until now, the Chinese who live in this tiny enclave on China's southern coast just 40 miles west from Hong Kong have regarded politics as a game that Portuguese play.

From today, the Chinese majority—they make up almost 98 per cent of Macao's population of about 400,000—become players, but the game remains emphatically a Portuguese one.

Rear-Adm Vasco de Almeida e Costa, the territory's governor since July 1981, portrays the elections as a breakthrough in participative government which will make the ruling Assembly more representative.

While there is truth in this, the elections are much more a power play between two ambitious men—the Governor, *with an eye on the presidency* in Portugal, and Dr Carlos Assumpcao, a veteran Macanese with strong political ambitions locally.

Such a tussle might normally pass unnoticed in the world outside. Peculiar circumstances have drawn international attention to the electoral battle which will be resolved—perhaps only temporarily—today.

A striking parallel has been drawn in neighbouring Hong Kong where the local Chinese have for the past two years been anxious spectators to secret Sino-British negotiations on the future of the territory once Peking resumes control.

Macao faces no similar deadline, but it is widely assumed the two will share a similar fate. Peking's tacit approval of greater political involvement by Macao's Chinese has not *passed unnoticed by Hong* Kong's Chinese.

Nor has it gone unnoticed at a time of fierce debate in Hong Kong over a Green Paper laying plans for political reform there.

The people of Macao will today directly elect six of the 17 members in the territory's Assembly. The Hong Kong Government has ruled out such direct elections to its ruling bodies on the grounds that they might be destabilising.

While there is certainly no evidence of election fever in Macao—in fact, the various campaigns have been so low-key as to be hardly noticeable—the need for elections arose in February after a long simmering row between the Governor and the Assembly members prompted a crisis dissolution of the Assembly.

The Governor emerged claiming it was essential to make the Assembly more representative. Dr Assumpcao, then president of the Assembly, insisted the Governor was trying to usurp the already limited powers of the Assembly.

A career military man, strong willed and used to giving orders was clashing with a career lawyer, punctilious about constitutional rights, concerned for checks on absolute power.

The electoral reforms introduced by the Governor mean that the Assembly will after tomorrow be made up of six deputies elected directly, six deputies indirectly elected by economic, cultural and social organisations, and five deputies appointed by the Governor. Until February, the 12 elected posts were filled by Macanese.

New rules for the electoral register, and a major drive for involvement means that over 50,000 people will be eligible to vote — compared with less than 7,000 at the last election.

Even now, only about 30 per cent of those entitled to register actually did so.

The outcome of the direct elections, contested by five groups, is difficult to predict because of the complex system of proportional representation used in both Macao and Portugal.

However, Dr Assumpcao's group, called Une, which stands for electoral union, has strong backing from both local and mainland Chinese interests, as well as many Macanese. As a result it is possible he will win five of the six seats.

If this happens, the Governor can be almost certain that the election will have solved none of his problems. When the Assembly re-gathers in October, he can expect old cudgels to be taken up afresh.

He may have succeeded in bringing Chinese players into the game, but the game is likely to remain the same—and his hopes of winning it as distant now as ever.

S. Korean President invited to visit Japan

By Robert Cottrell in Tokyo

THE Japanese Government yesterday formerly invited President Chun Doo Hwan of South Korea to make a three-day state visit to Japan next month, the first such visit by a South Korean president.

President Chun is due to arrive in Tokyo on September 6. His schedule includes an audience with Emperor Hirohito, Japan's head of state, and two rounds of talks with Mr Yasuhiro Nakasone, the Prime Minister.

The initiative for President Chun's trip dates back to January last year, when Mr Nakasone became the first Japanese Prime Minister to visit South Korea.

Mr Nakasone's trip marked an effort by both countries to increase the cordiality of their relationship, still tinged with bitter memories of Japan's colonial rule of Korea from 1910 to 1945.

Japanese and Korean public interest in President Chun's visit is likely to centre on how far, if at all, Emperor Hirohito will express regret or apology for Japan's colonial occupation, during his audience with the South Korean leader.

The major bilateral issue likely to be discussed during President Chun's visit is South Korea's trade deficit with Japan, which some analysts say will reach a cumulative $30bn (£23bn) in 1985.

South Korea wants Japan to buy more South Korean products, and to help the development of South Korean industry through high-technology transfer.

The status of Korean residents in Japan is also likely to be raised.

Security precautions for President Chun are expected to be even tighter than those taken for President Ronald Reagan's visit to Tokyo last November, when 23,000 police were mobilised.

Reuter reports from Hong Kong: China yesterday strongly protested to South Korea over the release of six Chinese who hijacked an internal Chinese flight to Seoul last year.

The six were sentenced in South Korea to prison terms of up to six years for air piracy, but they flew to Taiwan on Monday, where they were greeted as anti-Communist heroes.

Israelis move against new Palestine group

TEL AVIV — A new Palestinian nationalist group has emerged in the occupied West Bank and Gaza Strip, Mr Samuel Goren, Israel's co-ordinator in the territories said yesterday. Measures were being taken to thwart the group, which supported the Palestine Liberation Organisation (PLO) be added.

Mr Goren said unrest among the 1.3m Palestinians under Israeli rule in the occupied territories had decreased over the past year, due to stricter security measures and expanded prison facilities for punishing offenders. Stone-throwing at Israeli vehicles had dropped sharply from 143 incidents in June 1983 to 81 in June this year.

In the occupied West Bank town of Hebron, civic leaders yesterday called for a new Jewish settlement in the town, to be dismantled, saying its existence was an "incitement."

A statement signed by the deposed acting mayor, Mr Mustafa Natche, and other notables claimed the settlement was an "obstacle to peaceful co-existence" and hindered resolution of the Arab-Israeli conflict.

The opposition Labour Party, which is currently trying to form a Government after last *month's inconclusive election*, opposes settlements in heavily populated Arab areas. But the ruling Likud favours them.

Reuter

Morocco, Libya sign 'union of states' pact

BY RICHARD JOHNS

KING HASSAN of Morocco and Col Muammer Gadaffi of Libya have signed a treaty establishing, in principle, a "union of states" between the two countries, in the most bizarre turnaround in pan-Arab politics of recent years.

A communiqué published by the official Moroccan News Agency said that the agreement concluded in talks at the Moroccan-Algerian border-town of Oujda, would go into effect only after approval by the people of both countries, presumably through referendums.

Even so, the extent of the rapprochement, begun only in January this year, between the traditional monarch tracing his lineage back to the prophet Mohammed—the king's family has ruled Morocco for 300 years—and Libya's revolutionary leader who seized power 15 years ago, left diplomatic observers breathless.

In the past, the two régimes' relations with each other have varied from outright hostility to wary suspicion.

The assumption was that the meeting between the two on Monday was aimed at ending the eight-year-old conflict in the Western Sahara between the Moroccan Government and the Algerian-supported Polisario Front which has declared the territory an independent republic.

President Chadli Benjedid of Algeria was expected to join the talks at Oujda.

In drawing closer to Colonel Gadaffi's régime, King Hassan's immediate aim is probably to bring pressure to bear on Algeria and, indirectly, Polisario.

Doubts were expressed by diplomats yesterday, however, as to whether Algeria—which has generally been as consistent in its stance as Libya has been unpredictable—could be influenced in any way.

The acute strains in the relations between Morocco and Algeria were eased as a result of a meeting between King Hassan and President Chadli in February 1983.

But the indications have been that Algeria has this year strengthened its commitment towards Polisario, although the opposing forces appear to have reached a stalemate.

The union of Libya with other Arab countries is an elusive goal pursued by Col Gadaffi over the years. The failure of past attempts with Egypt, Sudan and Libya have led to bitterness and recrimination.

Gulf ministers to discuss oil storage strategy

By Mary Frings in Bahrain

GULF oil ministers will meet in Doha, Qatar, on August 28-29. They are expected to discuss a common oil storage strategy for the Gulf Co-operation Council (GCC)—which groups Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman.

It is possible that the project for a pipeline from Kuwait to Gulf of Oman may also be revived at the talks.

At their last meeting in Taif, Saudi Arabia, in June, the Ministers proposed that GCC goverments should offer to replace any oil lost in Gulf tanker attacks rather than resort to price discounts.

Oil traders did not react with any great enthusiasm and the idea seems to have fallen flat.

Mr Abdul Fattah Al-Badr, chairman of Kuwait Oil Tankers Company (KOTC), said the decision to cancel war risk insurance cover on the company's fleet of 23 tankers was expected to save KOTC some $20m (£15.5m) over six months if war risk rates remained high.

Reuter adds from Amman: Jordan's Prime Minister, Mr Ahmed Obeidat, and Iraq's Deputy Prime Minister, Mr Taha Yassin Ramadan, have agreed to press ahead with a pipeline project for exporting Iraqi crude from the Jordanian Red Sea port of Aqaba.

UK mine-hunters in Gulf of Suez today

BY TONY WALKER IN CAIRO

FOUR BRITISH mine-hunters and a support vessel are expected in the Gulf of Suez today to begin searching for unexploded mines laid by an as-yet-unidentified country or organisation.

The mahogany-hulled vessels will operate from Adabiya, an Egyptian naval base at the northern end of the Gulf of Suez. Two French mine-hunters docked in Port Said yesterday.

The mine-hunters are part of an international force assisting Egypt in its efforts to clear the region of mines and to establish who might be responsible for what Egyptian officials are describing as a new brand of international terrorism.

The British mine-hunters, the Gavinton, Kirkliston, Brinton and Bossington are equipped to retrieve unexploded mines so they can be examined to determine their origins.

Egyptian mine-sweepers scouring the Gulf of Suez for mines, do not have such a capablity. Meanwhile, Mr Nicholas Veliotes, the U.S. Ambassador in Cairo, has denied that any explosive devices have been discovered.

This contradicts claims by Lloyd's Shipping Intelligence in London that mines have been located in the Red Sea.

Lloyd's, quoting British Government officials, said floating mines had been reported in three areas along the southern half of the Red Sea. A British Embassy spokesman in Cairo said no such reports had been received.

The British minesweepers will concentrate their efforts in the northern sector of the Gulf of Suez. The Americans, who are deploying mine-clearing Sea Stallion helicopters, will operate at the southern end of the Gulf of Suez, where it joins the Red Sea.

The international mine-sweeping and clearing operation is being co-ordinated from Cairo

Reuter adds: The chairman of the Suez Canal Authority, Mr Adel Ezzat, said yesterday: "The world is beginning to realise the true size of this matter which is damaging to the world's economy.

"The canal and its entrances and immediate approaches are completely clean of any explosives, and navigation through the waterway never stopped for a minute."

● Lloyd's of London said yesterday that it will consider charging a premium on hull and cargo war-risk rates if explosions in the Gulf of Suez and the Red Sea continue.

A change in insurance cover was not imminent, but if the explosions continued, Lloyd's would be reviewing rates.

JAPAN TO CUT FOREIGN DEPENDENCE

Drive for nuclear self-sufficiency

BY ROBERT COTTRELL IN TOKYO

JAPANESE power companies plan to spend Y960bn (£2.9bn) on a group of nuclear facilties which will significantly reduce their dependence on foreign countries for supply, reprocessing and storage of fuel for Japan's nuclear power stations.

The complex, to be located at Rokkashomura village on the Northern tip of Japan's main island of Honshu, will consist of a uranium enrichment plant; a nuclear fuel reprocessing plant; and a permanent storage facility for low-level radioactive waste.

Establishment of this "nuclear cycle" is an integral part of Japan's "long-term programme for the development of nuclear energy" drafted in June 1982 by the Government's Atomic Energy Commission. The last two years have been spent selecting a suitable site.

The final choice is a bleak zone designated for industrial usage a decade ago, and originally formed to house a petrochemical depot with harbour and storage facilities. Construction of the nuclear complex is due to begin in 1986, with the uranium enrichment and waste storage facilities due for completion in 1991, the reprocessing plant in 1995.

Japan is the world's fourth-largest generator of nuclear power, after the U.S., France and the USSR. One-fifth of Japanese electricity is nuclear-generated, with 24 nuclear plants in commercial operation. All but one are of the uranium-fuelled "light water reactor" type, the generating technology used in some 80 per cent of nuclear power plants worldwide.

While Japan's nine electric power companies are privately owned, the Government, through the Ministry of International Trade and Industry and the Science and Technology Agency, takes an active role in fostering the nation's nuclear industry, co-ordinating power companies and equipment manufacturers, standardising specifications, and sponsoring research.

Development of nuclear generation is helping Japan cut its oil imports, which account for roughly 40 per cent of its total import bill.

For uranium enrichment, the process which concentrates uranium ore into nuclear fuel, Japan currently depends 90 per cent on the U.S. and 10 per cent on France.

The enrichment plant to be built at Rokkashomura is planned to yield 1,500 tons swu of uranium annually, or roughly one-sixth of Japan's enrichment needs by the year *2000*. The power companies also plan another 1,500 tons swu per year plant, whose location has not yet been decided. When that is built, by the year 2000, Japan will be able to meet domestically one-third of its projected uranium enrichment needs.

The Rokkashomura plant is likely to use the centrifuge method of uranium enrichment, rather than the U.S. "gas diffusion" method. Japan's Government-sponsored Power Reactor and Nuclear Fuel Development Corporation began operating a small-scale centrifugal pilot enrichment plant in September 1979, whose capacity is now being enlarged from 50 to 200 tons per year.

For reprocessing, Japan currently sends its spent fuel to Sellafield (formerly Windscale) in Britain, and Cap La Hague in France. Spent fuel is reprocessed because it contains commercially useful quantities of uranium and plutonium. The reprocessing plant to be built at Rokkashomura will have a capacity of 800 tons annually, equal to half Japan's probable need by the year 2000.

While the uranium extracted during reprocessing can be used in Japan's existing nuclear reactors, Japan's programme for developing a fast breeder type nuclear reactor, which uses plutonium fuel, is lagging, and may not yield a commercially operating reactor for another 30 years or more.

In the meantime, with the Rokkashomura reprocessing plant likely to be yielding five to six tons of plutonium annually, the Japanese government and nuclear industry are pushing ahead research to use the element as fuel in light-water reactors. Operational testing of this "pluthermal" process may begin early next decade.

The "storage" facilities planned for Rokkashomura are permanent rather than temporary—the secure burial of thousands of barrels of low-level radioactive waste. At present, low-level waste is stored on-site at nuclear power stations. Rokkashomura's initial storage capacity is envisaged at around 1m barrels (a barrel equals 200 litres), or enough to store all the low-level waste to be produced by Japanese reactors this century. Space will permit possible future expansion to 3m barrels.

Japan's power companies are still considering how to deal at Rokkashomura with high-level radioactive waste produced during reprocessing. A vitrification plant may be built on-site.

Mr Teruaki Masumoto, a power industry official co-ordinating the Rokkashomura project, says there are no outstanding regulatory obstacles to use of the land for the nuclear cycle, that the project is supported by local government, and that the plant will be "highly reliable and safe."

The economic payoff to the 12,000 people living in the vicinity of the plant will come eventually in the form of 4,000 permanent jobs—3,000 in 1991, the balance in 1995. But an estimated 3,500 people will be employed in the construction process.

It remains to be seen whether there will be popular opposition to the Rokkashomura plant as determined as that to, say, Sellafield in Britain. In general terms, the Japanese public does seem less than wholly enthusiastic about nuclear power, according to a public opinion survey conducted in March 1984 on behalf of the Japanese Prime Minister's office.

Of 2,252 survey respondents, 79 per cent said Japan needed to develop non-oil energy sources, while 51 per cent thought nuclear power would be the major energy source of the future. However, 70 per cent of respondents said they "felt uneasy" about nuclear power plants, up from 56 per cent in 1980.

Of those respondents who "felt uneasy" this year, 46 per cent cited "leakage of radiation due to accident or failure" as their main concern, followed by 35 per cent who cited "effects of radiation on the human body and future generations; 29 per cent cited "difficulty of storage and disposal of radioactive weste"; 21 per cent said they were frightened of radioactivity because it was invisible; 21 per cent because not enough information was given about accidents; and 20 per cent because "other people said it was dangerous" (respondents could give several reasons if they wished). Asked whether safety measures at nuclear plants were effective, *38 per* cent said "no"; 30 per cent "yes" and 32 per cent did not know.

Israel-Arab settlements row disrupts conference

By David Gardner in Mexico City

A BITTER row, centred on the Israeli occupation of Arab lands, has disrupted the International Conference on Population, scheduled to end here yesterday.

The isolation of the U.S. delegation, underlined last week by its attempt to tie U.S. aid to a ban on abortions, was further in evidence late on Monday when the conference's main committee voted against changing the original wording of recommendation 34 in the World Population Plan of Action, due to be put to the conference last night.

The recommendation, implicitly critical of Israel, says: "Population distribution policies must be consistent with such international instruments as the Geneva Convention ... (which) prohibits ... forcible transfers from an occupied territory and forbids the occupier from transferring part of its own civilian population into the territory it occupies."

However, it was the final sentence of the recommendation that sparked the dispute. This said: "Furthermore, the establishment of settlements in territories occupied by force is illegal and condemned by the international community."

The recommendation went through by 83 votes, with only the U.S. and Israel voting against, and with 15 abstentions. Washington's Nato and EEC allies voted for it. The vote followed the abandonment of attempts to get through a compromise solution worked out by Sr Javier Perez de Cuellar, the UN Secretary General.

This softened considerably the reference to the establishment of settlements into phraseology acceptable to the Arab delegations but not to the Americans, who wanted all reference to settlements deleted.

What remained to be seen yesterday was whether the U.S., supported by Israel, would have to vote against the document as a whole in order to be consistent.

This is a procedural question centreing on whether the document will be approved in part or as a whole.

At the first population conference in Bucharest in 1974, the Vatican was allowed to express its reservations on the final plan of action.

Brazil opposition see chance to break military grip

BY ANDREW WHITLEY IN RIO DE JANEIRO

IN TANCREDO NEVES, the 74-year-old Minas Gerais Governor, Brazil's quarrelling opposition parties have their best chance in 20 years of breaking the military's stranglehold on power.

Ratified last Sunday as the opposition's sole candidate for the electoral college, which will pick the next president in January, he says he is confident of victory.

Sr Tancredo, as he is universally known, already has the support of his own party, the Partido do Movimento Democratico Brasiliero (PMDB), in alliance with a 60-strong block of government party dissidents; and he can also rely on the small band of followers of Sr Leonel Brizola, the Rio de Janeiro Governor.

From the results of the 1982 national elections the officially-backed Partido Democratico Social has, on paper, a controlling 35-seat majority in the 686-member electoral college. But, as everyone in Brazil knows, the PDS is irrevocably split into three warring factions, two of which would rather support the opposition than their own candidate, Sr Paulo Maluf.

Not that any of the opposition candidates' aides are underestimating the efficiency and financial firepower of the Maluf political machine. Twice in six years, in 1978 for the San Paulo governorship and in 1984 for the PDS presidential candidacy, Sr Maluf has successfully overcome the military's favourite sons.

To get where he is today, Sr Tancredo has had to perform a delicate balancing act. Simultaneously, he has to soothe the military's fears that he will prove a Trojan Horse for the organised, hard left embedded within the PMDB and, at the same time, convince the sceptics on his own side that his political slogan of "change for Brazil" means what it says.

"We are fighting, and will continue to fight, for direct elections to be established in Brazil," he told a press conference ni Belo Horizonte, his state capital, on Monday.

To those still angry with the decision to abandon the campaign for direct elections this year, he says the opposition is participating in the electoral college, a symbol of the military's political manipulations—so as to be able to abolish it in future.

Although he is still by all accounts in robust health, age is creeping up on Sr Tancredo, a veteran politician of nearly 40 years' standing. If his ambition is realised, he will be 75 when he takes over as President next March, older than Mr Ronald Reagan.

Hence the interest in his controversial choice of Sr Jose Sarney, a leading government party defector, as his vice-Presidential running-mate.

Perhaps with mortality partly in mind, for the first time on Monday the Minas Gerais Governor said he said he did not want—and would not—govern for the six-year term prescribed by the present constitution. A final decision would be up to a constituent assembly, but he personally favoured reducing the mandate to four years.

Sr Tancredo Neves Campaigns.

The convocation of a constituent assembly, probably to be based on the federal Congress to be elected in November 1986, charged with cleaning up the country's military-adulterated constitution, is already a firm pledge.

By taste and background, Sr Tanredo is a quintessential moderate: a politician who comfortably co-existed with the military after the 1964 coup and served as a Congressman throughout the worst period of repression.

When conditions eased under President Joao Figueiredo, he was a co-founder and president of a small centre party, the Partido Poular, which dissolved itself in 1981 within the ranks of the much-larger PMBD rather than face political extinction in the 1982 election.

The label he gives himself is "Christian Social Reformer." What exactly this means no one seems to know, as it is not a recognised political tag in Brazil.

But its nearest Western equivalent would probably be a West Cerman-style Christian Democrat.

On economic and social issues, Sr Tancredo is genuinely indignant about the way in which the solution of pressing problems has in recent years taken second place to keeping Brazil's bank creditors happy.

Under a Tancredo Government, debt servicing would be limited to a fixed, low per centage of export earnings. "Maybe 10 or 20 per cent," he said this week. Surpluses from foreign trade would be used for internal development, in sharp contrast with present policy.

"We won't pay our debt so as to condemn our people to hunger and misery," the opposition candidate roundly declared.

On the other hand, he opposes collective debt renegotiations or any cartel of Latin American debtors on principle. "Every time one deals in a group with a negotiation, it becomes more difficult," he commented.

Inflation is viewed as the most serious problem facing Brazil today, a problem Sr Tancredo says will not be treated with more recession. Instead, he promises to set up an emergency "work creating" programme, as well as a longer-term economic restructuring programme, aimed at getting Brazil's industries back to work and improving abysmally low salary levels.

Despite his long years as a politician, Sr Tancredo has had only limited experience as an administrator. For a brief spell in 1961 he was the country's Prime Minister, while over the past 17 months as Governor of Brazil's second state, in terms of population and economic power, his record has been undistinguished.

This may count against him in the five-month campaign ahead as his PDS rival, Sr Maluf, is stressing the efficient way in which he would run Brazil: "Just like a business."

Sr Tancredo's aides prefer to put the choice in ethical terms. "It's a battle of good against evel," one Minas Gerais official pronounced on Monday.

Reagan 'nods off in Cabinet meetings'

By Reginald Dale, U.S. Editor, in Washington

Reagan ... contemplative

PRESIDENT Ronald Reagan occasionally dozes off in Cabinet meetings, one of his top aides has confirmed in an interview with NBC television.

"I think it has more to do with what's going on in the meeting than what time of day it is," said Mr Michael Deaver, the deputy White House Chief of Staff.

Mr Deaver was responding to suggestions that the 73-year-old Mr Reagan is particularly prone to dropping off in the afternoon between 1 pm and 3 pm.

"These meetings are sometimes boring, and I doze off too," Mr Deaver said. "I've seen him have difficulty staying awake, but he wasn't the only one in the room."

The general public was first given graphic evidence of Mr Reagan's forty-winks habit during his trip to the Vatican in 1982, when he was caught taking a snooze while sitting next to the Pope, who was delivering a televised address.

'Almost everyone' to blame for Mobil rig disaster

THE oil rig Ocean Ranger sank with a loss of 84 lives off Newfoundland in a storm two years ago because almost everyone involved did something wrong, a Canadian commission concluded on Monday, AP reports from St John's.

The joint Federal-Provincial Commission, which spent more than two years studying the sinking of the world's largest and most sophisticated floating drill rig, found government bad poor regulations, the Japanese-built rig had design flaws and the crew was not ready for emergencies.

The 400-page document backed most of the conclusions of earlier inquiries by the U.S. Coast Guard and National Transportation Safety Board, many improvements in procedures and safety equipment have been made already.

"The loss ... resulted from a coincidence of severe storm conditions, design inadequacy, and a lack of knowledgeable human intervention," the Commission concluded.

The report found the standby vessel, Seaforth Highlander, was too far away from the Ranger when the first emergency calls went out, but it stopped short of blaming the captain. It recommended special rescue equipment be installed on all offshore supply vessels.

It decided the Ranger was not properly certified and the crew was poorly trained for emergencies, partly because Canadian guidelines did not bind the rig's owner, Ocean Drilling and Exploration Company, to ensure all safety rules were followed.

Mobil Oil Canada, the rig operator, did not ensure that survival suits were available to the crew and did not properly instruct the captain of a standby vessel

Senator fights to clear his name

BY OUR U.S. EDITOR IN WASHINGTON

SENATOR Mark Hatfield, a moderate Republican from Oregon, has started a tough battle to clear his name after allegations of professional and financial impropriety, while admitting to what he calls "an error in judgment."

Mr Hatfield is known in Washington for his relatively liberal views at a time of right-wing dominance in his party, and is seeking re-election to a fourth six-year term in the Senate.

Mr Hatfield is the latest political figure to find his affairs put under microscopic public examination as a result of the strict ethical standards applied to holders of public office in the post-Watergate era.

The main task facing Mr Hatfield is to explain a complex series of events in 1982 and 1983, when his wife, Antoinette Hatfield received payments totalling $55,000 from Mr Basil Tsakos, a Creek financier, who was trying to raise support in Washington for a plan to build a $12bn trans-African oil pipeline.

Although the payments were made during a period when Mr Hatfield was helping Mr Tsakos to find political backing for his plan, both the Senator and his wife deny any connection. The payments were fees for Mrs Hatfield's help and advice as a Washington estate agent, they insist.

The Justice Department and the Senate Select Committee on Ethics are investigating whether the payments were intended to influence the Senator in his activities on behalf of the pipeline. Newspaper accounts have suggested that Mr Hatfield has required frequent and sometimes sizable loans to keep his personal finances in order.

The former employees of Mr Tsakos have deposited sworn congressional testimony alleging that Mrs Hatfield's account of her work for the financier is a "total fabrication" and describing Mr Hatfield as Mr Tsakos's "errand boy."

While not directly answering these charges at a press conference on Monday, Mr Hatfield said: "I swear before God Almighty neither one of us have done anything unethical or illegal". Mr Hatfield has a reputation as a devoutly pious man. He admitted, however, to an "error in judgment", as a result of which his wife has agreed to give $55,000, equivalent to her fees from Mr Tsakos, to charity.

IBM's 'Popcorn' computer on show in Dallas

By Paul Taylor in New York

INTERNATIONAL Business Machines, the world's largest computer manufacturer, as expected yesterday, unveiled its powerful personal computer nicknamed the "Popcorn" at a lavish industry presentation in Dallas.

The computer, dubbed the IBM personal computer AT, matches most industry expectations and was announced together with other IBM products including a do-it-yourself local area network (LAN) which will link up to 72 IBM personal computers.

Most industry interest will, however, centre on the personal computer, generally seen as a successor to its aging but successful personal computer introduced three years ago.

IBM's desk machine, which uses the advanced Intel 80286 microprocessor, can be used as a stand-alone system or as a stand-alone system or as a multi-user system able to run a new version of IBM PC Disk Operating System (DOS) or IBM PC Xenix—an advanced multi-user DOS system based on American Telephone and Telegraph's Unix system—which was also unveiled yesterday.

In its basic form the IBM personal computer AT will be sold with 256 K of random access memory (RAM) and a floppy disk able to store 1.2m characters for $3,995. The top-of-the-line version with 512K of RAM, a floppy disk and a 20MB fixed disk will sell for $5,795. IBM's current PC range sells for between $2,500 and $5,000.

U.S. retail sales decline 0.9% in July

By Our U.S. Editor in Washington

U.S. RETAIL sales fell by 0.9 per cent last month, their first decline since March, with demand falling for almost every category of merchandise, the Commerce Department said yesterday. The report was seen as further evidence that the U.S. economy is slowing down, with demand generally weakening.

Mr Malcolm Baldridge, Commerce Secretary, said that the slower growth in consumer spending should help to relieve pressure on the credit markets, although the overall outlook for the retail sector remained good.

Mr Robert Ortner, the department's chief economist, said that July's 0.9 per cent decline, following an 0.5 per cent increase in June, represented "a temporary dip." Two critical factors, income and confidence, remained strong, he said.

July sales were worth $107.8bn, $875m less than in June after seasonal adjustment, the Department said.

Hopes for Columbian ceasefire

BY OUR MEXICO CITY CORRESPONDENT

COLOMBIA's plans to end a 25-year-old insurgency by signing a ceasefire with left-wing guerrillas will go ahead, provided the government of President Belisario Betancur imposes its will on the army and paramilitary forces connected with it, rebel leaders said here.

The ceasefire, due to have been signed on Sunday between the oGvernment and M-19, the left-wing nationalist April 19 movement, and the Maoist Popular Liberation Army, has been postponed because of Friday's murder of Dr Carlos Toledo Plata, one of M-49's founders who was at the centre of the peace process.

Dr Toledo's murder was followed on Sunday and Monday by a new show of force from the guerrillas, who briefly took over the south-western towns of Yumbo and Toribi.

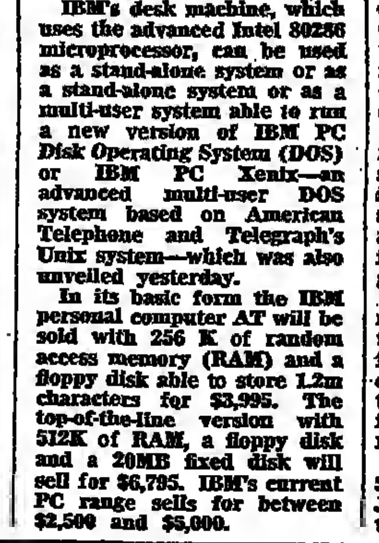
The attack on Yumbo, alongside Colombia's third largest city of Caliand outside traditional guerrilla operational zones, is of considerable symbolic significance. It is one of the country's largest industrial enclaves, dominated by multinational capital, and a meeting of the country's National Security Council was taking place in Cali at the time.

Gnerrillas from the orthodox communist Revolutionary Armed Forces (Farc), who had already signed a one-year ceasefire with the government on May 28, took part in the attack on Yumbo along with M-19.

But though the ceasefire, which many in the region hope will encourage a negotiated end to insurgency in neighbouring Central America, has now been postponed indefinitely, M-19 leaders in Mexico said they remain determined to sign the agreement.

The conditions for doing so were that the government assert its control over the army and the paramilitary death squads associated with it, whom they accuse of Dr Toledo's murder. The Colombian Attorney-General has named 44 officers as members of the main paramilitary organisation, known as Mas, the acronym for "death to kidnappers."

M-19 is also demanding an end to the latest in a series of states of siege—nominally introduced to combat Colombia's $2bn a year narcotics trade after the murder in May of the Justice Minister—which they argue is providing cover for the army to sabotage the peace process.



President Betancur

Contracts & Tenders

ENERGY REVIEW

Oil companies renew interest in the Bahamas

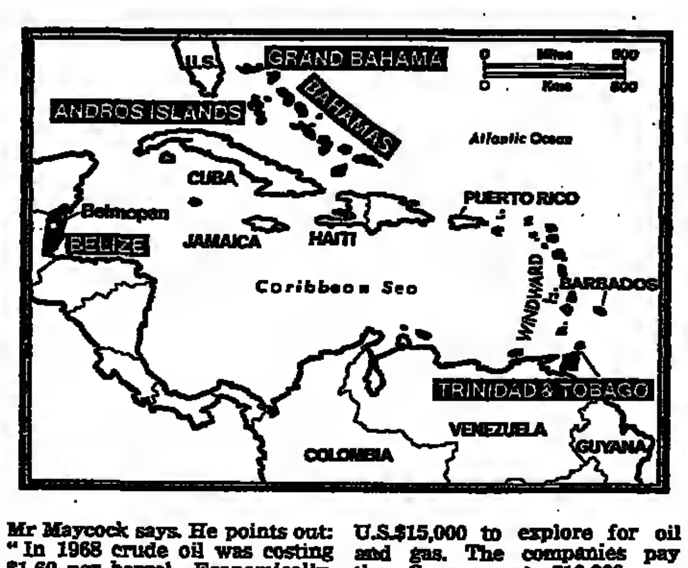
By Canute James

ACCORDING TO the country's tourist posters "It's Better in the Bahamas."

Several leading oil companies bave apparently come to the same conclusion since the Bahamian archipelago is now a bub of oil and gas exploration involving several major companies which have obtained licences from a government keen on diversifying the country's economic base.

Part of the attraction to the companies is the legislation governing oil and gas exploration in the chain of islands and which, by any standards, offers attractive incentives.

Among the companies actively involved in the Bahamas are Exxon, Cetty, Natomas and Breoco, the latter being a subsidiary of Reo Development of Tulsa, Oklahoma. New additions to the list, according to Mr Alfred Maycock, the country's Economic Affairs Minister, are Atlantic Richfield and Chevron.



Declining opportunities in the U.S.

For the Bahamas, this new wave of attention is the first since 1968, when a number if companies abandoned their programmes.

Companies including Superior, Chevron and Gulf had sunk four wells in different parts of the archipelago but with mixed results.

"There were oil shows in the Gulf and Cbevron wells but there was evidence of flusbing," Mr Maycock says. He points out: "In 1968 crude oil was costing $1.60 per barrel. Economically, commercial production could not be justified. Neither was very much known then about the geology of the Bahamas."

Sixteen years later the oil companies are concentrating on areas around Crand Bahama and Andros Islands—the sites of the earlier shows. Their increased efforts in the Caribbean are a reflection of declining opportunities in the U.S., where the oil industry again last year failed to find as much oil as it produced.

Breoco is exploring offshore Grand Bahama, while Getty, Natomas and Exxon are clustered round Andros.

Companies approved by the Government to carry out seismic surveys pay a fee of U.S.$15,000 to explore for oil and gas. The companies pay the Government $10,000 per block of 10 square miles each.

"No single applicant is heing allowed more than 50 blocks," Mr Maycock explains.

A company with an exploration licence must commit itself to drilling at least one well before the end of the third year of its licence; a point not yet reached by any of the companies involved.

The real value of the renewed efforts will be tested next year when the Government is boping that some of the companies will have found signs encouraging enough to lead them to drill.

If a commercial find is made, Bahamian law allows all output to be exports. The Government has, however, made provision for oil to be taken instead of royalties and other payments.

Like most governments, the Bahamian administration is wary about giving information on drilling results.

"It is best to be prudent with information until we are absolutely certain about confirmation," Mr Maycock says. However, he admits that the surveys of the past 18 months have yielded valuable information in providing specific indicators.

"We are encouraged by the improvement in the quality of data that we have seen so far."

In addition to the exploration which took place before 1968, the Bahamas has some experience in the industry.

The country has a 500,000-barrels-a-day refinery, the fifth largest in the world. The refinery, owned by Chevron and Charter Oil, produces fuel and distillates for the United States Eastern Seaboard.

A Government-owned transshipment facility on Grand Bahama Island, with a throughput of 150m barrels a year, is managed by the Burmah Oil Company.

Renewed interest in the Bahamas as an oil province is matched in other parts of the Caribbean. In Belize, for example, onshore and offshore exploration has been taking place intermittently for the past 30 years.

Anschutz, Katana, Blacklake and Telstar, which have been active in Belize in the past three years, bave been joined by Sbell Oil and Atlantic Richfield, which are surveying offshore. On shore, Occidental, through Cities Service, is exploring over 1m acres in the north-west of the country.

Drilling activity around the town of Belmopan in Belize is being carried out by Alston Oil of Texas and the Canadian company, D and S Exploration.

To the south of the Caribbean region, Trinidad and Tobago has reported a marginal increase in oil output—the first rise for six years, following an improvement in the tax position of the oil industry.

Mr Patrick Manning, the Energy Minister, had projected an increase this year of 1 per cent on last year's average of 160,000 b/d. There are indications that Mr Manning's estimate has been conservative.

Touchstone of Trinidad's economy

The oil sector is the touchstone of the economy of the twin island state. Earnings from oil last year fell to $1bn from $1.75bn in 1981.

Increasing attention is now being paid to the country's gas, with proven reserves put at 10.7 million million cu ft.

Amoco Trinidad's offshore fields are central to the plans for expansion in gas output, currently running at 600 cu ft per day.

The gas has been used traditionally in industry, now, says Mr Manning, there are plans to pipe gas into homes for domestic use.

Britain and Malaysia in air routes wrangle

By Chris Sherwell and Wong Sulong in Kuala Lumpur

MRS MARGARET THATCHER, the British Prime Minister, who is due to make an official visit to Malaysia next month, could be flying into a new controversy over air services between London and Kuala Lumpur.

While Anglo-Malaysian relations have visibly improved since last year's lifting by Prime Minister Dr Mahathir Mohamad of his "buy British last" policy, Mrs Thatcher's visit clearly provides an opportune moment for Malaysia to press home its demand for extra flights to London.

The outcome of the dispute is seen as vital to the expansion plans of Malaysia Airline System (MAS), as the airline is also deadlocked in negotiations for extra flights to Tokyo and Paris.

Dr Mahathir is known to have taken a personal interest in MAS's route problems, in line with his strong concern over the country'a deteriorating balance of payments deficit. A major contributor to this is the widening invisibles trade gap.

In the past months, MAS and, in particular, Datuk Aziz Rahman, its chief executive, has been orchestrating a campaign in the local press, supporting the airline's case for a fifth weekly flight to London.

After two rounds of talks, the British aviation authorities have refused the request.

The dispute centres on the interpretation of the increased traffic volume between the two capitals.

MAS claims that during six months between April and September last year, it achieved a seat load factor of 70.7 per cent, and British Airways 65.8 per cent.

However, British authorities reject the claim that the trigger point of 67 per cent for an extra flight bas been reached. They say the Malaysian calculations include passangers from Australia and other non-Malaysian points beyond Kuala Lumpur.

Arguments over air services between Britain and Malaysia have continued on and off ever since the main agreement was signed in 1972.

In late 1978, Malaysia initially refused to let the British Concorde fly through its airspace to Singapore. There were also protracted negotiations to upgrade the agreement during 1979, 1980 and 1982.

Fluor of UK to manage Chinese coal project study

Colina MacDougall reports on a proposed joint venture and, below, explains why two firms of China specialists have set up in London

FLUOR (Great Britain) Ltd. has been appointed managing contractors for a full feasibility study for the $300m Jining No. 2 coal mine in Shandong province, China, the proposed joint venture coal mine development between the China National Coal Development Corporation (CNCDC) and Shell Coal International.

No value has been put on the deal. However, about 20 Fluor staff will be occupied in the project, the company said, and subcontracting will play a large part in their work. Fluor points out that much value for the company lies in its new foothold in China and the potential for a long relationship with the Chinese mining industry.

A 15-strong team from the CNCDC is expected this week to work in London with Shell Coal and Fluor over the next 12 months on mine and infrastructure data. Agreement to go ahead on the full feasibility study to produce estimates of capital and operating costs was signed last April.

Discussions with British subcontractors in such fields as mine consultancy and coal preparation are now going ahead. China has also taken on expert staff to work on the spot at Jining.

The Jiniog No 2 mine is planned to produce 4m tons of unwashed steam coal a year. China has selected Jining because of its proximity to the port of Shijiusuo currently being upgraded by Japan with modern wharves and handling equipment. Shell will receive repayment of its investment (50 per cent of the cost) in coal. A pre-feasibility study has been completed.

If and when the joint venture goes ahead, mine construction is expected to take five to six years. The 25-year period of the joint venture runs from the start of production. So far Flnor has been appointed project manager for the feasibility study only, but would have a good chance of the same role when the joint venture starts operation.

Mr Bo Na, chief Chinese representative on the proposed joint venture's co-ordinating committee and vice chairman of the CNCDC, left London last Sunday after two weeks of discussions with Shell Coal and with other companies on additional energy projects such as a coal fired power station.

London may be focus of drive to attract investment and skills

TWO SWALLOWS heralding a possible Sino-British summer of business co-operation bave recently nested in London. Mark Wong and Associates, Hong-Kong based industial consultants based in California, recently opened their doors for the first time in the British capital.

Both companies, which enjoy high-level commercial contacts in Peking, believe they bave identified a gap in services to the British business community and a pressing Chinese need to attract more investment, co-operation and technology transfer from diversified sources.

"The Chinese bave said before they wanted British trade and investment," said one consultant. "The difference is, this time they mean it."

Britain is the focus of a new Chinese effort to import management skills, technology and investment, Mr Mark Wong of Mark Wong and Associates belives. Mr Wong helped to arrange the recent visit to Britain of Mr Bo Na, vice chairman of the China National Coal Development Corporation (CNCDC) to discuss the feasibility study for a proposed Shell Coal Internatinnal CNCDC joint venture.

Mr Wong's company maintains offices in Peking, Canton and Hong Kong, in addition to the new one in London. He is planning an office in Paris, primarily because of his role as consultant in the Guangdong nnclear power station negotiations, where the French company Framatone is seen as front runner for the contract for the nuclear equipment.

The company has around 90 staff, with 7 secooded to its Hong Kong office from the Peoples' Republic.

Besides the Guangdong power station, the company is involved in discussions with British companies over a coal fired power station, and around a dozen projects for the rubber industry. Discussions on aluminium processing are at the feasibility study stage

Mr Wong's first commission from the Chinese Government—to identify suitable foreign machine tool technology—was in 1975.

"China wants to huy more from Europe and especially Britain," Mr Wong said. "It would like to see a much stronger EEC and a much stronger Britain in it. It also wants to balance its purebases from Japan and the U.S. On top of that it wants to create a climate of co-operation and trust with Britain in which the return of Hong Kong can be accomplished smoothly."

This relationship could be furthered by more joint venture agreements. Britain had much to offer in managemeot skills and experience. Mr Wong emphasised. With British management, joint ventures are likely to look for British companies for equipment.

The wish to acquire management skills is stressed by the Chinese themselves. In an interview with the Financial Times, Mr Bo Na pointed out that China had already hired several foreign firms for managemeot-only roles. But joint ventures provided the ideal method of learning.

"Only by getting a company to share responsibility with us can we learn management peoperly," said Mr Bo. "We can make mining equipment ourselves, though the quality and design are not as good. We can get high technology through technology transfer, but this does not give us the means to utilise it. Through joint ventures, where we work alongside foreign managers, we can learn to manage a modern mine efficiently."

Mr Wong's optimistic view of doing business with China is supported by Kenneth Atkinson, managing director of Kowin China Investments and formerly one of Nordic Bank's China specialists. "It's become much easier in the last couple of years," be said.

Kowin's chairman is Mr Winston Ko, a property developer in Los Angeles. The company has on its staff a former senior member of Peking's China International Trust and Investment Corporation, Nancy Lo Fengqi, who left China in 1980. Such personal contacts with Chinese organisations, both Mr Wong and Mr Atkinson agree, do much to smooth the path of the aspiring foreign company.

Kowin, which will handle both the financial and technical side of a business deal with China, is heavily engaged in a $40m joint venture building the Golden Flower Hotel in Xian, Shaanxi peovince. Stage one is due for completion next year. It has two other co-operative ventures in the pipeline, a $5m steel hand-tool plant in Peking and a $3m glass fibre plant in Nanjing. Other deals are at the discussion stage.

S. Africa to help improve Maputo port and rail link

By Jim Jones in Johannesburg

SOUTH AFRICA is to assist Mozambique to upgrade Maputo harbour and the rail line which carries goods to and from the Transvaal.

Maputo has been a major port for the Transvaal since the days of Paul Kruger. However, since Mozambican independence its efficiency and that of the rail link from the border town of Komatipoort has deteriorated despite the fact that South African technicians have played a large part in managing the port.

In addition Transvaal exporters, particularly of minerals and metals, have become reluctant to use the port because of long delays in moving goods and the attendant cost of demurrage charges.

Following talks between Mr Hendrik Schoeman, South African transport minister and his Mozambican counterpart Mr Alcantra Santos in Maputo on Monday the two countries announce plans to redevelop the harbour and rail link. The South African Government has authorised a R10m (£4.9m) loan to improve transport services while South African Transport Services (Sats) to provide technicians to repair and service Mozambican diesel engines and rolling stock.

Retail lobby to oppose U.S. textile import curbs

By Nancy Dunne in Washington

AN ANTI-PROTECTIONIST retailers' organisation has been set up in the U.S. to try to thwart or delay proposed country of origin regulations for textiles and clothes.

The new rules, described by the Treasury as a means of deterring evasion of U.S. textile quotas, were announced on August 3, with the usual 60-day period set aside for comment. anxious to placate the textile However, the Administration, lobby is alarmed by the growth of imports, has fixed September 7 as the day for the rules to go into effect.

Mr William Andres, president of the Retail Trade Action Coalition, called the rules "the triumpb of closed door politics over economic good sense." He said U.S. Government statistics showed the domestic manufacturers enjoying growing production, sales, profits and employment, even as imports had grown.

The organisation is particularly concerned about proposals to begin examination of all textila and clothing imports at the port of arrival, rather than the present practice of checking them at inland ports near to warehouses. It says that the new requirements would choke the efficient movement nf goods and add to the cost of merchandise.

Five Texas Congressmen bave complained that tha regulations would burden many legitimate importera with increased delays and extra port-of-arrival costs for storage, stevedores and broker handling. By overloading coastal customs personnel, the regulations would aggravate backlogs and result in less thorough — rather than more effective—inspection.

The lobbying is one aspect of increasing pressure being put on the Reagan Administration. Among those pressing for further consideration of the regulations are members of the House Ways and Means Committee wbo bave told the President that the rules would go far beyond stopping illegal products from entering the U.S., suddenly outlawing long-standing production methods.

"If the regulation goes into effect as scheduled, retailers estimate that at least balf a billion dollars' worth of perfectly legitimate textile and apparel prodncts will be permanently embargoed at ports this fall," the members said.

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Norway's forest earnings record

By Fay Gjester in Oslo

NORWAY'S forest products industry expects exports to set a new record this year with sales worth around Nkr 6bn (£560m), compared with Nkr 4.6bn in 1983. Half-year figures show paper exports up 20 per cent, at Nkr 1.8bn, while those of cellulose and mechanical pulp were 30 per cent higher at Nkr 816m.

The improvement — still gathering momentum—reflects both better demand and the high valua of the U.S. dollar: many export contracts are concluded in dollars.

Norwegian output capacity for newsprint, only 70 per cent utilised in 1983, is running at 90 per cent this year. The two leading nowsprint manufacturers, Norske Skog and Follum, aay they can now sell all they can make: soma capacity is temporarily nut of service for maintenance or modernisation.

Swiss tourism income increases

NET EARNINGS from Swiss tourism rose last year by 17.4 per cent making it the third most important source of direct income for Switzerland, Andrew McDermott writes from Geneva. According to figures released yesterday by the Federal Statistics Office in Berne, tourist income amounted tn SwFr 8.6bn (£2.9bn) and expenditure by Swiss abroad came to SwFr 5.9bn, leaving a balance of SwFr 2.7bn compared with SwFr 2.3bn in 1982.

Yugoslavia to ease terms for joint ventures

BY ALEKSANDAR LEBL IN BELGRADE

FOREIGN COMPANIES will be able for the first time to take a majority stake, theoretically up to 99 per cent, in joint ventures in all sectors of the Yugoslav economy, according to draft legislation published by the Belgrade Government.

The draft amendments to the 1978 joint venture law, which has been mnch criticised by Yugoslavia's business partners in the EEC and the U.S., are being circulated for comment at home and abroad. After further possible amendment, the bill is likely to go to Parliament and, if approved by the end of this year, could come into effect next year.

Other suggested changes to the 1978 law, which at present limits foreign equity participation to 49 per cent and excludes joint ventures from some sectors such as tourism and banking, would remove the excess profits tax, to which profits over a certain level are subject, and guarantee the foreign companies could repatriate the full valne, in foreign currency terms, of their original investment, once a joint venture was wound up.

Joint ventures would also be exempt from any of the levies, which abound in the Yugoslav system, for the financing of national defence, federal energy requirements end public services in the republics.

Since Yugoslavia first allowed foreign joint ventures in 1968, a total of 187 agreements bava been signed and implemented. But the number of new ventures has slowed down since the 1978 legislation, and foreign investment remains only a paltry 0.6 per cent of total investment in the country.

TECHNOLOGY

EDITED BY ALAN CANE

ELECTRICITY INDUSTRY CONSIDERS CONTROL OF EXHAUST GAS

Emission control set for lift off

BY DAVID FISHLOCK, SCIENCE EDITOR

A HOUSE OF LORDS report* last month urging the British electricity industry to equip, as a matter of urgency, at least two of its coal-fired power stations with flue gas desulphurisation (FGD) could herald a scramble for access to the best FGD technology.

Babcock Power, part of the Babcock International group, has signed an agreement with a Japanese company, Babcock-Hitachi KK, which gives Britain access to power station pollution control technology under development for over 20 years.

Babcock-Hitachi, 20 per cent owned by Babcock International, has developed independent technologies for stripping sulphur dioxide and oxides of nitrogen from the hot exhaust fumes of a power station. These techniques can be used separately or in combination to clean up emissions.

Mr Roy Bagley, deputy managing director of Babcock Power, says his company has sympathy for the official British view, namely, that more needs to be known about the causes of "acid rain" before power plant operators are obliged to instal more emission controls.

Sir Walter Marshall, chairman of the Central Electricity Generating Board, which makes about 87.5 per cent of the electricity sold in Britain, claimed last week that CEGB reluctance to be rushed prematurely is "in line with the views of a growing number of scientists here and in other European countries."

As Mr Bagley sees it, "people have been jumping to conclusions and bowing to environmental pressures."

The Lords' select committee on the European Communities reached the same conclusion and criticised the European Commission for failing to take account of the "growing doubts" about the causes of acid rain before issuing its draft directive on emission control earlier this year.

Nevertheless, the EEC directive has prompted inquiries throughout Europe for emission control technology, Mr Bagley says. Although Babcock cannot see Britain as an immediate market, it has negotiated a European licence for the Japanese technology which leaves it free to sub-license to its associated companies throughout Europe. They include Ansaldo (Italy), Babcock Belgium (Belgium), Moss Rosenberg (Norway), Stork (The Netherlands), Tampela (Finland), and Volund (Denmark).

It sees West Germany, for example, as "a colossal market for retrofit," with the possibility that about 150 coal-fired boilers will need to be fitted with FGD by 1988. Moreover, it foresees the same political pressures spreading to West Germany's neighbours.

The Japanese technology, Mr Bagley says, has been designed specifically to accommodate congested sites. It has also been designed to satisfy the nation with the toughest of all emission control standards, with sulphur levels set at only two-thirds those of Canada, another campaigning nation for tighter measures against acid rain.

The Babcock-Hitachi technology has been developed at the Kure Research Laboratories, where a team of 15 are currently engaged in R and D in its support. The project started in 1960. By 1972 the first process, removing sulphur, had reached pilot plant scale. By 1974 the company had its first commercial process in operation, at Chuyoka Electric Power Company, on a 100 Mw power station.

The basis of the Desox technology is shown in the accompanying sketch. It uses a slurry of powdered limestone (calcium carbonate) to react chemically with sulphur dioxide in the flue gas, forming calcium sulphite. In a second stage, the calcium sulphite is oxidised to calcium sulphate (gypsum), a saleable by-product that contains all the sulphur extracted from the flue gas.

The gypsum crystallisation stage can be closely controlled to produce large crystals or fine powder, depending on the demand. The two-stage process keeps the gypsum clean and free from fine gas dust. It also removes soluble gases such as hydrochloric and hydrofluoric acid gases, which would reduce the efficiency of sulphur absorption by the limestone slurry.

Good-quality gypsum finds a ready market in the building products industry.

According to Babcock Power, a Desox unit could be retrofitted to a 660 MW generating unit for as little as £50m. The process would be automatic and would need only two people in attendance, the company claims.

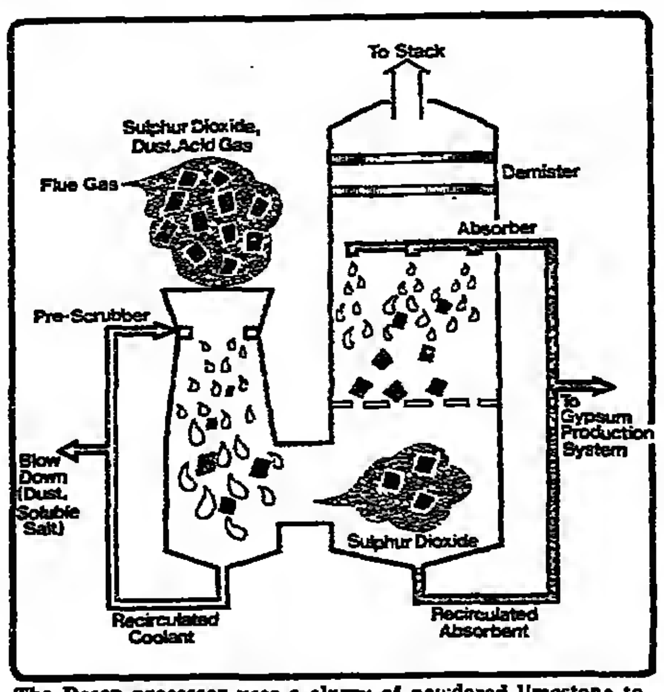
A separate technology has been worked out by Kure Research Laboratories to reduce emissions of oxides of nitrogen. Desox is a selective catalytic reduction process that uses ammonia as the reducing agent. The oxides of nitrogen are reduced to substances as innocuous as nitrogen and water.

Typically, the flue gas is mixed with ammonia gas upstream of the Desox reactor, then passes to the catalyst bed. This is a stack of plates coated with titanium dioxide. Its operating range for decomposition of oxides of nitrogen to nitrogen and water is 300 to 600 degrees C. But the minimum temperature for decomposition will be determined by the sulphur content of the gas stream.

Desox may need pre-heating of the gas stream to achieve the optimum reaction temperature. It may also need a booster when the inlet gas pressure fails to meet the draught loss of the plant. Nevertheless, its overriding attraction is its low operating costs, Babcock claims.

As Roy Bagley sees these technologies, "retrofitting requires a lot of boiler engineering experience" in rerouteing flue gases to the process units. Babcock and its Woodhall Duckham subsidiary at Crawley have been assembling a team to engineer plants for Europe. On the basis of Japanese experience, it believes it will need a team of 50 to 100 engineers to design and market an average of two to three power station emission clean-up systems a year.

*Air Pollution. Report of the House of Lords Select Committee on the European Communities. House of Lords Paper 265. SO, £9.50.



The Desox processor uses a slurry of powdered limestone to react chemically with suphur dioxide in the flue gas, forming calcium suphite. In the second stage this is oxidised to calcium sulphate

RETAIL AUTOMATION

Supermarkets opt for electronic variety

BY GEOFFREY CHARLISH

BRITISH RETAILERS are set to spend over £200m on electronic systems for their stores over the next five years according to a report just out.*

But the different types of store are looking for markedly different solutions says the report's author, Ron Brown. The hypermarket and supermarket chains are the keenest. They say they intend to equip over 30 per cent of their checkouts with advanced electronic cash registers (ECR) or point-of-sale (POS) terminals within two years, and over 80 per cent of them within five years. Before the decade is out, Brown thinks well over half of the check-outs will have laser beam scanners.

ECRs are stand-alone units with electronic displays and printers and limited ability to collate sales data. POS terminals are usually linked to a main computer and can provide sophisticated monitoring of store activity. The most advanced device, the laser scanner, will read a bar code placed almost anywhere on merchandise and ring it up automatically on the cash register. Bar code scanning becomes increasingly worthwhile as more and more manufacturers build bar codes into their product labels.

The department stores will move more slowly, with plans to equip over half of their cash-points with POS terminals by 1990—over 13,000 units. There is, says the report, little enthusiasm for scanners, wands, or magnetic tag readers among department store executives—partly a reflection of the type of goods such stores sell. Things like carpets, furniture and lawn mowers do not so readily lend themselves to electronic tagging as do the small, packaged contents (mainly food) of a supermarket.

The supermarkets and hypermarkets, says the report, will equip nearly 60 per cent of check-outs with laser scanners over the next five years—about 11,000 systems. By contrast, the department stores are unlikely to equip more than 20 per cent of check-outs with any kind of reading device—least of all the scanner, in which no interest is shown.

Rapidly catching up in POS terms are the variety stores (such chains as Woolworth, W. H. Smith, Boots). There has been some reluctance to "go electronic" to date, but Brown thinks they will have installed more than 17,000 POS terminals by the end of the decade—more than the super and hyper markets, at 15,000.

* *Electronics in Large Stores. 193 pp. £105, from Post News, Stoke-Sub-Hamdon, Somerset. (0935 88245.)*

ADHESIVES

Single part glue

A DEVELOPMENT in glue technology by a UK based company will allow strong bonds using a single part instead of a two part adhesives.

After seven years of research, National Adhesives and Resins in Slough is about to launch a single component glue for industrial use. It hopes to sell a few hundred tonnes a year of the adhesive worldwide.

Today most strong bonds are produced by two part adhesives. One part is a polymer while the second part is a catalyst which is added to make the chains of the polymer link together. This cross linking causes very strong water resistant bonds to be formed.

National Adhesives puts a measure of cross linking into the single component glue it has developed which is then strengthened when the water within the adhesive dries. The exact details of the glue has not been revealed by tha company as it believes that it has a two year lead on its competitors mainly in West Germany and the U.S.

The company, which has a turnover in the UK of about £30m, is part of the U.S. National Starch and Chemical Company which has many subsidiaries throughout Europe.

The adhesive, which will sell under the name Durolock 250, recently passed the stringent West German standards test DIN 68602-B4. National Adhesives spent a year testing the produce with three customers. These used the glue with hot press, cold press and radio frequency machinery.

National Adhesives is aiming initially at the furniture and woodworking industries which spend on adhesives about £20m a year in the UK.

CHROMATOGRAPHY

Chemical analysis

NEW USES have opened up for Pye Unicam's gas chromatograph systems following the discovery thet the nitrogen detectors it utilises will also detect organo-phosphorus compounds.

The nitrogen detector, which works on alkali flame ionisation principles and used rubidium chlorido were designed to give maximum response to organo-nitrogen compounds.

Pye application chemists investigatad the possibility of using the probe for organo-phosphorus compounds using a mixture of pesticides. The column clearly separatad parathion, fenitrothian, malathion and methyl parathion, methyl pirimiphos, ronnel or fenchlorvos, diazon, thimet and dichlorvos.

Information

Teletext decoder

A SINGLE chip solution to teletext decoding from ITT Semiconductors, Surbiton, provides for eight pages of storage at the same time.

The chip, designated TPU2700, decodes standard teletext transmissions of the kind used in the UK and Europe and gives much reduced page access time over current multi-chip decoder designs.

The only external component necessary to build a decoder is a 64k random access memory, or a number of 16k parts. The new chip also provides extra facilities such as underlining and automatic character set selection. More on 390 6578.

Aerospace

Flying by light

AIRSHIP INDUSTRIES is to use an optic fibre system to transmit command signals from the flight deck to the mechanical systems on board its Skyship 600 series.

In conventional aircraft electronic control signals are used to instruct wings to move up or down, landing gear to be lowered, and rudders to change position, for example. This is known as a "fly-by-wire" system. It is claimed to be the first time that optic fibres will carry such signals.

Optic fibres have the advantage that they are immune to most types of electrical interference whereas conventional cabling on board an aircraft is prone to all manner of electromagnetic radiation.

The optical system has been developed by Marconi. The pilot's controls are connected to a computer and monitor. Pilot instructions, converted into light signals, are carried to mechanical parts by the fibre.

Quality control

Castings inspection

SMALL foundries may be able to make use of a range of fluoroscopic X-ray inspection equipment for light alloy castings. Manufactured by Andrex NDT Systems at Bar Hill in Cambridge, the system is a lower cost version of its existing castings inspection system.

It allows the operator to view the X-ray image of the casting while in the X-ray beam. More details from the company on 0954 81616.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Iceland Frozen Foods

From roadside stall to computerised food chain

BY ARNOLD KRANSDORFF

TO GET into a side entrance of Peter Hinchcliffe and Malcolm Walker's well-appointed head office on part of the former Shotton steelworks site in North Wales, one has to walk over a manhole cover embedded in the pavement. It is very easy to miss as it is painted the colour of concrete.

A few feet away there is another manhole cover, this time in the centre of a well-manicured lawn. This one is painted green.

Across the car park is a newly-built 1m cu ft cold store. Under the concrete floors there are buried rails—put there in case the decision is made at a later stage to instal an automated mobile racking system to handle long-term cold storage.

Driving around the frosty environment is a forklift truck operator in his shirt sleeves. He is housed in a specially-built cab that has been fully insulated and heated so that the driver can work in comfort.

These are just a few of the examples of an obsessive attention to detail that Hinchcliffe and Walker give to their business, a fast-growing freezer food company called Iceland Frozen Foods. They plan to bring it to the market for a full quotation when conditions are right, possibly later this year.

This obsession with detail spills over into areas like energy saving and computer-aided stock control, and an impressive management information system.

At a side entrance to the main office building is a master switch. It is there so that the last person out of the building at night can—for economy and safety reasons—turn off all power units that do not have to be permanently switched on.

But perhaps the best illustration of the two men's management technique is the way they run the day-to-day affairs of tha company through eight regional managers. As befits their passion for all things modern, they have installed a computerised system which places before them on a Monday morning a detailed company-wide sales report of the previous week's trading.

By midday the following day this has been expanded into a fully-fledged profit and loss account, giving details on a branch basis of sales, overheads and taxable profit.

Hinchcliffe and Walker describe these weekly reports as their "bible, our early warning system. With this system we can see at an early stage if there's anything wrong with any of the stores, giving us plenty of time to put things right."

Unlike the food sector in general, the frozen food business has shown consistent and sometimes spectacular growth over the past two decades, although sales do dip whenever here is a surplus of fresh produce on the market.

Traditional territory

In many ways Iceland is similar to John Apthorp's Bejam Group in terms of concept and product range. Although at less than £50m Iceland's sales are around a fifth of Bejam's, it still ranks as the second independent frozen food group in the UK.

But whereas Bejam is located principally in the more prosperous South East corner of the country, Iceland's traditional territory is in the North, North West and West of England—areas with a traditionally lower customer spend. There is virtually no overlap between the two groups.

Hinchcliffe and Walker control a highly sophisticated operation at Iceland, a far cry from the company's humble origins as a roadside trader.

It started in a pub one summer's day in 1970, when Hinchcliffe and Walker, both trainee deputy managers of F. W. Woolworth branches in neighbouring towns in North Wales, were confiding their mutual dissatisfaction ebout their career prospects.

They had both been with Woolworth for seven years and were thinking of leaving. Over a pint they "became aware of each other's entrepreneurial instincts."

That Saturday night they stopped at a roadside hawker and bought his entire stock of strawberries. The following day they sold them at a small profit at the Horse Shoe Pass, a nearby beauty spot.

Back in the pub, they decided to be a little more ambitious, this time choosing loose frozen foods as their staple product. They bought freezers on hire purchase, food on credit, and rented a small shop in Oswestry, Shropshire, for £60 a month; total initial investment just £30 each. Staff wages were to be paid out of the till.

They bought frozen food in bulk, such as vegetables, fruit, meat and fish, repackaging them to be sold loose, individually, or by the pound.

The first day they took £90 and the first week £350. "We found out very soon that we had a positive cash flow."

But then Woolworth found out about their little side-line—and promptly fired them. In fact this development provided just the incentive they needed to expand.

A second branch was opened in Rhyl and, three months later another in Flint. By 1975 the company had a chain of 18 shops in North Wales with a combined turnover of just under £1.

"Every time we opened a new shop, our bank balance went up by £4,000. After three or four stores we decided that we had to do it right."

"Doing it right" is the cornerstone of their management philosophy. Walker explains: "We like to think we're here for the longer term. That means doing things correctly—like Marks and Spencer. It means not sacrificing the short term for the long term; in other words no short cuts."

They believe this philosophy is a policy for future success. So far they have not done too badly.

Over the years they have rejected at least four approaches from public companies to sell out, although they eventually agreed to the British Rail Pension Fund taking a 16 per cent equity stake in 1981. And last year was the second successive year in which they were runners-up in a major business enterprise competition.

In 14 years they have grown to a point where they have 79 branches with plans to add 20 new units a year. This expansion included the acquisition of three freezer centres in 1976 and another 18 — the St Catherines chain, based in Bristol and South Wales—last year.

They have 800 full-time employees and a wage bill of £4.5m. With sales per employee of £75,000—similar to Bejam—1983 produced turnover of more than £46m and pre-tax profits of £1.8m.

As these figures suggest, a growing market for frozen food has been a key factor in their success. In 1973, only about a quarter of all households possessed a freezer; 10 years later this had risen to 63 per cent, with a figure of 58 per cent in Iceland's catchment area.

Market still wide open

Official estimates put the value of the frozen food market at around £1,200m last year—and growing at the rate of around 10 per cent per annum.

Last year's published accounts suggest that Bejam has around 13 per cent of the market and Iceland—the next single biggest freezer chain—around 2.8 per cent. with Cordon Bleu, a subsidiary of the Argyll Group, around 1.9 per cent. Other freezer centres, mainly single units, account for another 8 or 9 per cent with the balance—nearly three-quarters of the market — being held by the supermarket chains.

Hinchcliffe and Walker reckon the market is still wide open although they recognise the power of the supermarket chains—and in particular Sainsbury and Safeway in their own area—to grab an even bigger share.

Malcolm Walker (left) and Peter Hinchcliffe: "We like to think we're here for the longer term. That means doing things correctly with no short cuts"

Nevertheless, they feel confident that they can build on their market share by offering a superior product range, greater diversification into areas like microwave ovens, the acquisition of more small freezer centres, and by continuing their own organic growth.

"There is a long, long way to go before we reach saturation point," says Walker. "The important thing is to get away from the fish-finger image that freezer centres have. That means developing new product lines and having a wider range of frozen foods than the supermarkets, thereby encouraging people to change their shopping habits.

"For us organic growth will mean developing more added-value products like TV dinners, increasing the range of chilled products and introducing foods such as frozen sausages which up to now have been sold as chilled items."

All this adds np to a potentially rosy future for tha ex-Woolworth trainee store managers, at least in terms of the profit and loss account. But their actual prospects will also depend on their ability to manage their balance sheet.

Up to now their progress has been dictated by the availability—or to be more accurate the non-availability—of finance, a problem they attribute to the conservatism of their old bankers. So they have generally had to rely on retained profits to fund their capital requirements.

Without a substantial borrowing facility, they have resorted to issuing redeemable preference shares rather than dilute their equity. While this may have protected their voting control, it has also led to a high level of gearing in relation to equity capital—four to one in the last accounts.

Hence the plan to go public —a route that would open up doors to other channels of finance. It would, of course, also make millionaires of Hinchcliffe and Walker.

On a similar p/e to Bejam, Iceland would be coming to the market with a capitalisation of around £25m on the present capital structure. Before that happens the Stock Exchange will no doubt insist that they reorganise their top-heavy share profile. In the meantime they are just waiting for more favourable market conditions.

IoD calls for greater employee share ownership

CALLS FOR yet more legislation to encourage wider employee share ownership emerge from the latest policy document to be issued by the UK's Institute of Directors.

A guide to boardroom practice on share ownership for employees and directors, issued just as the changes effected by the Finance Act 1984 come into force, says that difficulties and problems which still exist can be overcome only by a more favourable legislative climate.

In a foreword, Edward du Cann, MP, chairman of the Wider Share Ownership Council, also suggests more legislation, describing share-ownership as one of the best "anti-Marxist barriers."

The IoD guide is the second on the subject of employee share ownership to be issued this year. The first was published just before the Chancellor's Budget statement in March, which contained new provisions for approved share option schemes.

Under the new legislation, the increase in the value of shares between grant and exercise of an option will be subject only to Capital Gains Tax on disposal of the shares. Under previous rules the appreciation was taxed as income in the year the option was exercised at the employee's highest tax rate.

The IoD says that this harsh treatment had created a strong disincentive to companies to use share options as a method of remuneration, particularly for senior employees and directors.

The 1984 Finance Act has gone a long way to mitigating the effects of this, it adds "far further than the schemes linked to SAYE."

This latest publication gives an up-to-date guide to all the employee shares schemes in use, including Finance Act 1980 Approved (SAYE) Schemes and unapproved schemes.

The IoD believes that if more directors and employees held shares as a long-term investment in the companies for which they worked, the beneficial results for the UK economy would be "considerable."

The previous guide quoted a recent Stock Exchange survey showing that the proportion of all shares held by individual investors fell from 54 per cent in 1963 to 28 per cent in 1981.

"Share Ownership for Employees and Directors," available from the IoD Policy Unit, 116 Pall Mall, London SW1. Price £2.95.

Arnold Kransdorff

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Tax exempt

I am giving up my business which principally consists of an agency from a continental factory. It has been made clear to me that because I am over 75, I am not entitled to any "golden handshake" or compensation, but the company would be prepared to send me a cheque voluntarily as a sign of appreciation.

I believe this would be exempt from taxation in this country. Please let me know if this is so.

The promised payment may fall to be included in your final case I computation. If not, it may well be eligible for relief from capital gains tax, under the so-called retirement relief provisions. Even though you have managed without a tax adviser up to the present, it is worth considering seeking local professional guidance through the tax complications of closing your business.

Benefit

Is an interest-free loan by a company to a director treated by the Revenue as a taxable benefit? Would the Revenue assess the tax on a "notional" interest in the hands of the director?

Yes; you will find general guidance in booklet 480 (Expenses payments and benefits for directors and certain employees), which is obtainable from most PAYE offices. Before the loan is made, the board should consult the company's accountants.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Television/Malcolm Rutherford

A power to persuade

Not yet infinite variety, but it's coming closer. Possibly one has been a late developer, certainly a late discoverer, but it is now possible to derive as much pleasure and stimulus from watching television as from a visit to the library, a night at the opera, a trip to the theatre or even from reading a very good newspaper.

It has been America's week again, and not just because of the finale of the Olympics. There have been all sorts of other reminders of American power and style.

For example, London Weekend is doing an excellent series on the City called *The Square Mile* on Friday evenings. The commentator, John Plender, recently a leader-writer on the *Financial Times*, has taken to the medium like a natural professional. The description of dual capacity—brokers and jobbers and so on—is so much better on television than it is in print because it is possible to show the people involved, all using first names and behaving, I thought, on the stock exchange floor in a fairly civilised way.

But it was still America that caught the ear. U.S. shares account for about half the world's stock market. Tokyo accounts for another quarter. London accounts for barely one-tenth, so you can see what the City is up against even to hold its position. It is like running faster in order to stay in the same place.

Then there was Jacob Rothschild explaining, on the same programme that English is the *lingua franca* of the securities industry. This was an advantage to us because, essentially, it enabled us to get in on the American coat-tails.

The same thought has occurred in other areas. Britain today would be a quite different country if America had ended up speaking French, German, Polish, Swedish or Spanish. It is not so much English that has survived as American. But whichever it is, it is the *lingua franca* of television.

The U.S. came back again in Jonathan Dimbleby's series *In Search of the American Dream* on ITV on Monday, this time about Silicon Valley. You may not like this Mr Dimbleby's approach: it seems to me to misunderstand the profit motive and to be thoroughly disdainful of new technologies, even though presumably he relies on them to make his films. But forget about his comments and watch the movie. Clearly there is a new society developing in California which takes hi-tech for granted and is fascinated by its future potential. Where California leads, others tend to follow.

America again, and the power of television, in the news coverage. The political row over the events in Belfast on Sunday might have been much less if they had not been immediately captured on film and then quickly relayed to the U.S.

What might have been a relatively minor incident, by Ulster standards, at once became a *cause celebre* because the television was there. The film shows quite plainly that plastic bullets were fired at close range and above waist level. It will be impossible to conduct a proper inquiry into the affair without counting the TV footage as evidence.

TV footage of Sunday's violence in Belfast could be used as evidence

Yet, lest anyone thinks that constitutes a bias against the police, there is another side to it. The news has also given extensive coverage in the past few days to Mr Gerry Adams, the Provisional Sinn Fein leader.

One can speak only for oneself, but he does not seem to me to emerge as a very attractive figure. Indeed, from their public pronouncements, it is extremely difficult to tell the difference between Mr Adams and the Rev Ian Paisley, who is supposed to be on the other side.

When Adams says: "We will not stop marching in our own streets," and seems to want to commemorate every date in Irish history with a demonstration, he is merely echoing the language of Paisley over the years. That is no doubt the measure of the problem facing Mr James Prior's successor at the Northern Ireland Office, but there can be no harm in having the two extremist leaders branded together. There must be some route to a settlement through the middle. In that sense the events of the past day or two, and their television coverage, may have been helpful because they will have served to concentrate the mind. Thoughts about language and countries which do not understand each other recur elsewhere. I do not know whose idea it was to screen Miles Kington's *Let's Parlez Franglais* at 6.40 pm on Channel 4 on Mondays—late night would have been more obvious or it might even have made a bold shot at brightening up—but it was a brilliant idea to screen it at all.

Mr Kington's regular column in *Punch* is funny enough, but it omits one dimension: you do not hear the people speak. It would have gone very well on radio. Television is even better because there are also some splendid pictures and faces, including Willy Rushton. The slot should be changed so that more people can see it as soon as possible.

So it was not a bad week's viewing even for August and leaving aside the Olympics where the abiding memory remains the pleasure of discovering synchronised swimming. Clearly the arrival, and now firm establishment, of Channel 4 has added to the variety and, I think, raised the standards. But there is still not enough.

The key analogy is with the library. Nobody cares very much any more if a book is biased or bad because there are usually plenty of others to choose from on the same subject. The multiplicity of choice rules out the need for censorship or even for regulatory bodies.

Television has not come that far yet, but it is on the way, and it can be a library substitute. Watch, for instance, the four-hour documentary *Concealed Enemies* to be shown in two parts on Channel 4 on August 22-23.

It does not solve the mystery of the Alger Hiss case, since nobody has done that, and some of its comments, like Jonathan Dimbleby's on America, are spurious. But it is one of the best stories of all time and has been immensely well researched. What is more, it has some of the old televised Congressional hearings, starring the young Richard Nixon, to draw on as source material. Television does make history.

Saxton's new Concerto/Albert Hall

David Murray

Robert Saxton's new Concerto for Orchestra, a BBC commission, was introduced at Wednesday's Prom by Sir John Pritchard and the BBC Symphony. Like his *Ring of Eternity* at the 1983 Proms, it was partly inspired by Jewish mystical writings—in this case by the Hekhaloth tracts—in which a journey is to the Divine Presence is represented as a progress toward "total simplicity, calm and infinite light." The imagery of light and darkness has preoccupied the composer, and also the notion of the devout journey being repeatable again and again; the Concerto makes a cyclical return to its beginning, and gestures toward a fresh start before it vanishes suddenly in the aural equivalent of a puff of smoke.

For most of its 20-minute length, the piece deals less in arcane lucubrations than in different kinds of musical energy. From the outset, and with few breaks, the strings simmer and sizzle with tremolos and trills, too volatile to be caught confidently by the ear (this flickering figuration is familiar from other Saxton music). The harmony is dense, though characterful, and often projected sotto voce; the underpinnings are spare and much darker, with grave pronouncements from the low brass. Piano and celesta add running borders in silver. Four percussionists are kept furiously busy, with the vibraphone emerging as an important solo voice.

An impassioned trio of trumpets cries out in several places, but the chief counterweight to the nervy treble filigree — so far as broad effects go — consists of huge add-voice brass chords which lower up regularly, the last marking the climax before the final evaporation. Those sonorous devices work well enough, but they have a more conventional ring than the rapid-fire writing. The promised "contemplative passages" are mainly brief. Just before the end, however, there is a slow paragraph of pure lyrical comment, with a tincture of cor anglais, that carried uncanny expressive power and set everything that preceded in a new perspective.

Saxton's orchestral palette has certainly acquired a new breadth. The virtuoso implications of the label "Concerto for Orchestra" are fulfilled, though at first hearing there seemed less contrapuntal interplay than expected between the various instrumental groups, and the progress of the piece—whatever its mystical map may be!—elegantly taut. There are many suggestive corners to be investigated: this is not a piece that will be exhausted by two or three hearings.

The concert had begun with Richard Strauss's *Till Eulenspiegel*, rough and not ready despite some happy touches in the few quiet moments, and it ended with the Symphonic Dances of Rakhmaninov. In between came Felicity Lott to give a glowing performance of Strauss's Four Last Songs, accompanied with perfect sympathy by Pritchard (and far more subtly played by the BBC Symphony than *Till* had been).

Miss Lott's soprano carried beautifully and effortlessly, golden tone with the requisite hint of languor and blissful surrender—but with perfectly placed consonants to keep the line poised, and a firm sense of occasion in the longest periods. Breath-control in these songs is crucial, and needs a kind of genius to conceal the hazards; Miss Lott has it.

Edward Fox to take over Burton role

Edward Fox is to take over the role written for Richard Burton in *Wild Geese, Part 2*. The film is now being made in Berlin with Peter Hunt directing and starring Scott Glenn, Barbara Carrera and Robert Webber. Lord Olivier joins the cast next month in the part of Rudolf Hess.

Beckett Trilogy/Edinburgh Festival

B. A. Young

One approaches a new Beckett evening rather like a religious service, and certainly the solemnity of two of the three 15-minute plays presented by the Harold Clurman theatre, at the Church Hill, tends to keep the house as hushed and still as the obstinate coughers allow. These two, *Ohio Impromptu* and *What Where*, both characteristic of their type, are the kind of Beckett that I least enjoy.

So I'll begin with the third, *Catastrophe*, originally written in German, which you might call the scherzo of the compositions. The curtain goes up on a young man and woman putting finishing touches to a statuesque figure in black, standing on a plinth. The man goes, and a character enters who is clearly a mockery of an old-fashioned movie director. He sits in an armchair rather smarter than directors' chairs tend to be. "Why the plinth?" he demands. "Why the hat? why the gown?" At each question, the girl comes smartly to the front of the chair and says, "I'll make a note."

The Director criticises every detail of the Protagonist, as Beckett calls him, until he is ultimately reduced to ash-grey pyjamas with the neck open and the trousers rolled up above the knee. His hands are clasped at his chest, his head sunken in distress. The Director retires to the stalls to direct the lighting, which steadily contracts until a single spot picks out the Protagonist's head. "There is our Catastrophe!" says the Director in triumph; and, moving for the first time, the Protagonist looks up.

The first play, *Ohio Impromptu*, is simpler. Two identical old men sit at a table after a foil half-minute's silence occupied by one of them turning the page of a book lying before him with a high, sweeping gesture, this man begins to read. What he reads is the story of a stranger who visits a lately deprived man with a message from "the dear name." "Stay!" is the message, and while he stays the reader reads until the book is done. Sometimes (a Beckett cliché) the listener knocks on the table and the reader repeats a sentence. At the end of the book they "sit as if turned to stone."

What Where is a little Chinese puzzle. Through a loud hailer, the voice of Bam summons Bom who arrives where Bam has now appeared. With the same cliche Bam occasionally corrects his activities, but this seems to have no significance, less even than the listeners knocking in *Ohio Impromptu*. Bam asks if Bom has given the works to some absent subject, and if he released the missing word. But Bam has failed to elicit the word, so Bim is summoned to take him away and give him the works. Bim fails too and is led away by Bem. Bem fails and is led off by Bam, leaving the stage empty but for the loud hailer. "You can make what you like of it," says the voice of Bam.

I make nothing of it. I make nothing of *Ohio Impromptu*, either which is just a little two-part fugue. *Catastrophe* is dedicated to Vaclav Havel; is Havel the figure on the plinth and the director the oppressive Czech government? Of the three plays this is the only one that has any discernible forward movement and even here its destination is uncertain.

What is not uncertain is the skill with which the plays are done by Donald Davis, Rand Mitchell, Leigh Taylor-Young, David Warrilow and Daniel Wirth. Certainly they play as if at a religious service, when required, with the drawn-out vowels and immoveable intonations. But Donald Davis makes the Director happily into a kind of Hollywood Hamm and Lee Taylor-Young a secretarial Clov. The direction, in consultation with Beckett, was by Alan Schneider, whose death earlier this year was the first of three great theatrical losses of the year.

Leigh Taylor-Young and David Warrilow in "Catastrophe"

40 Years On/Queen's

Martin Hoyle

Michael Coveney reviewed this literate, parodic, allusive, funny and sad set of variations on themes provided by our class and culture when Patrick Garland's revival opened at the Chichester Festival in May. Despite the first nighters' occasional slowness at some jokes and coolness at the odd political reference—Alan Bennett's piece takes effortlessly to the West End: commercial theatre that is intelligent and reflective while never ceasing to entertain superbly.

Originally produced in 1968, the play is hard to update. Too much depends on still vigorous characters' reminiscences of World War I or the Bloomsbury set or—as in the case of Phillida Law's trimly attractive grey-streaked school matron—finding fulfilment with an ack-ack unit on Primrose Hill. But for play's dying fall, its lament for "a battery people, fed on pap in darkness," is as relevant to the ugly Eighties as it was 15 years ago.

Paul Eddington

Albion House (note the symbolic name), a public school on the South Downs, is putting on the school play. The outgoing Headmaster participates, protests, is often scandalised. His iconoclastic successor, "sailing a bit close to the knuckle," as the Head splutters, has compiled a kaleidoscope of sketches about the British middle classes up to the end of the last war. A Wilde parody, the Abdication as seen by pipe-clenching heroes of the Sapper-Buchan mould, the Blitz—all are entwined with school comedy, and throw up such marvellous set-pieces as the archetypal schoolmasterly talk on sex and send-up recollections of Lawrence of Arabia.

The whole is shot through with an insidious vein of nostalgia: Mr Bennett has the Betjemanesque knack of mocking, loving and wistfully regretting the same thing simultaneously.

He has a poet's feeling for our favourite myths: the golden Edwardian prelude to 1914, the century that began "too late too last." He gently condemns the inequities of the English country house society while mourning its departed splendours. He can sum up a whole type: the nanny figure with her fund of meaningless wisdom ("Apples don't grow on trees, you know—if you go out without your wellies you'll go blind"). His Wilde skit gleams with at least one peerless jewel: "All women dress like their mother—that is their tragedy. No man does: that is his."

The play's final speech about an historical property in need of improvement and up for grabs, currently on offer to European buyers, is unequivocally pessimistic. Such thoughtfulness sits uneasily on a structure that too often seems a series of brilliant individual numbers strung together. And Mr Bennett cheats in his humour, which ranges from academic to music-hall zany; we're never sure when his characters are being deliberately funny or merely satirised by the author.

Paul Eddington's outgoing Head does not clarify this. As an actor he has always, for me, committed the cardinal sin in comedy: he looks as if he knows he's being funny. There is too much knowing drollery here. Stephen Fry, in the old Bennett part, also emphasises the disjointed nature of the entertainment, but is such an accomplished revue artist that complaint would be ungenerous; and David Horovitch seems unsure what to do with the serious sentiments of the wartime paterfamilias. The boys are splendid. The whole show is fun and touching, a graceful and perhaps unfair elegy for defunct values. The modern world isn't as bad as all that, Mr Bennett.

Plisetskaya's Raymonda/Rome

Freda Pitt

Maya Plisetskaya was a famous Raymonda; it was one of her first important roles, and she danced it with success for a number of years, so the old Bolshoi production must be in her blood. Unfortunately, as so often happens, it would seem that she is thoroughly bored with the traditional ballet, which makes one wonder why on earth she chose it for her first production in Rome, where she has been installed as dance director of the Opera Ballet since the spring.

It is disconcerting, to say the least, to read her statement in the programme-book at the Baths of Caracalla to the effect that she is not concerned to make the story seem credible, because it is all ridiculously old-fashioned and meaningless. Nor does she consider it possible to bring the characters to life. As a result, she makes no attempt to do so.

While it cannot be denied that the libretto is excessively diffuse and that it is difficult to take much (or any) interest in the mysterious White Lady, King Andrew of Hungary, or the rivalry between Raymonda's two suitors, the crusader Jean de Brienne and the Saracen warrior Abderachman, it is a far cry from recognising this to turning the work into a sort of abstract divertissement in three acts.

In theory, the story is presented in mime at the beginning of each act, but this is done in such a perfunctory fashion and in such dim lighting that it must be completely incomprehensible to most of the audience, given the large size of the auditorium. Glazunov's lovely score was too often wafted away in those wide open spaces.

Valery Leventhal's all-purpose set of walls and battlements leaves most of the stage bare, and the heroine is nearly always left cruelly alone for her solo variations. Although she performs in a couple of pas de deux and in a balance-testing Rose Adagio-type passage with four cavaliers, she never seems to relate to anyone. This made an uncomfortable contrast with Raymonda's friends, and friends of friends, in Nureyev's new Paris production or with the perceptible group cohesion in the Royal Ballet's Act 3.

The role of Raymonda makes exceptionally taxing technical demands, which Gabriella Tessitore, inaugurating the second cast, overcame triumphantly, dancing with impressive strength and brilliance. Raffaele Paganini leapt and turned stylishly in the role billed as Abderachman, but since he also suddenly irrupted (in a different costume) to lead a flamboyant Spanish dance, the label remained unconvincing.

Luigi Martelletta partnered Tessitore admirably and performed his Act 3 solo excellently, covering the space in his swift leaps in a manner that would have been exciting if only there had been a glimmer of charm or temperament.

Plisetskaya's achievement is to have effected a startling improvement in the dancers' bearing and footwork which has gained immeasurably in precision and assurance. On the other hand, she seems to be unaware that few dancers possess the magnetic personality she demonstrated in her elaborate curtain-calls.

Shady dealings on the grandest scale

Richard Lambert constructs his personal blacklist of outrageous business frauds

THE CLASSIC financial scandal comes in four main categories. The first, and in many ways the most artistic, is known to critics as the "brass nerve" variety.

An excellent example is to be found in the work of Tino De Angelis, 240 pounds of round faced innocence, the man who turned salad oil into a term of abuse on Wall Street.

His idea was to pledge oil in his vast storage centre to bankers in return for loans

On the day of reckoning in 1963, it turned out that the storage tanks were all but empty. Bankers were left with claims on $175m of phantom oil, and American Express – which had let its name be involved in the scheme – was given a painful black eye.

American entrepreneurs seem to have a flair for creating something out of nothing. When Equity Funding Corporation went belly up in 1973, it turned out that this once glamorous growth company had persuaded reinsurers to buy huge amounts of insurance policies that simply did not exist.

An even more stylish way of making a buck was dreamt up by Jay Gould, the Wall Street speculator, who succeeded in compromising the President himself – General Grant – in a bid to corner the New York gold market.

First, Gould and his conspirators convinced the President that the Treasury should not be allowed to sell its gold holdings. Then – in an attempt to make sure that he would not change his mind – Grant was prevailed upon to visit an old friend in a little town in Pennsylvania which just happened to be cut off from the telegraph.

The plan went wrong at the last moment, leading to the original "Black Friday" – September 22 1869. But Gould recovered to become one of the biggest railroad barons, so that was all right.

A different, and rather more vicarious type of scandal is that in which the main player is himself a member of the establishment.

Ivar Kreuger, the Swedish match king, built an enormous financial empire during the 1920s in his bid to secure a world monopoly in the production and marketing of matches. His ploy was to back long-term dollar loans to countries which were short of foreign currency in return for these monopoly rights.

The announcement of his suicide in Paris was delayed until after the close of the New York Stock Exchange. Then the dreadful news began to seep out. Bonds had been forged: vast sums of money had been debited to Kreuger in person, and had disappeared without trace.

GREATEST FINANCIAL SCANDALS

The South Sea Bubble	1720
The Mississippi Scheme	1720
Black Friday	1869
The Liberator Collapse	1892
The Swedish Match King	1932
The Whitney Scandal	1938
The Salad Oil Swindle	1963
Equity Funding	1973
Banco Ambrosiano	1982
???	1985

Richard Whitney's little peccadilloes were modest by comparison. But as perhaps the most prominent figure to the New York Stock Exchange at the time of the great crash, his arrest on a larceny rap in 1938 did cause a certain frisson.

The UK has had its share of candidates in this category. Jabez Spencer Balfour was an especially distinguished figure

Balfour was one of tha first to recognise the charms of the financial conglomerate, which be exploited in a vigorous fashion. A favourite ploy was to buy an option on a property, sell it to one of his companies at an inflated price and finance the deal through the Liberator Building Society, which he controlled.

A third variety of scandal gains its piquancy from association with famous names – royalty, for choice, but high churchmen or pop stars will do. The selection here, of course, is Banco Ambrosiano. As described in an excellent book by my colleague Rupert Cornwell, its collapse in 1982 was the biggest banking failure since the war.

Finally comes the "there but for the Grace of God" category, in which people are ruined, usually as a result of their own greed.

The two all-time winners in this group took place more than 200 years ago. The South Sea Bubble was an orgy of speculation which ended in the arrest of the South Sea directors and financial chaos to England.

France bad its own version around the same time in the Mississippi Scheme, by which a Scottish adventurer named John Law briefly became the most influential figure in the land.

Having secured the exclusive privilege of trading to Louisiana and the Mississippi, he issued hundreds of millions of securities against the future wealth of this project. The whole of Paris was infatuated with the story. But things began to go wrong in 1720 when the Prince de Conti, who had been offended by Law, demanded payment in specie on three waggon-loads of Mississippi paper. Fifteen people were crushed to death in a riot outside the office a few months later, and Law barely escaped the country with his life.

It would be unfair to conclude without a special mention for those in and around the Lloyd's insurance community who have attempted during the past decade or so to score under all four categories simultaneously.

Tomorrow: Ten classic inventions

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

Aug 10–16

TOKYO

Cats (Cats Theatre). The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1001).

My Fair Lady (Nissei Theatre): Toho company in the Japanese version with well-known cast: Kurihara Komaki as Eliza, Koyama Shigeru as Higgins. Eliza's father, played by Sakagami Jiro, is best known for his comedy roles. Directed by Terence Napp. (503 3111).

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Measure for Measure (Barbican): Juliet Stevenson as Isabell confirms her promise as the RSC's brightest young actress, a worthly successor to Ashcroft and Dench, in Adrian Noble's resplendent production. (628 8795).

Wild Honey (Lyttelton): Michael Frayn has reworked Chekhov's first play, usually known as Platonov, into an engagingly hilarious farce. This superb dramaturgical feat has Ian McKellen giving a brilliant performance at its centre and a shimmering design by John Gunter. The superb direction is by Christopher Morahan. (928 2252).

Aren't We All? (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 9832).

NEW YORK

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (877 6810).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, arrived on Broadway in a cast headed by Jeremy Irons and Glenn Close, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

WASHINGTON

Quilters (Terrace): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in Washington between its modest origins in Denver and its ambitions for New York in autumn. Ends Sept 16. Kennedy Center.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Wednesday August 15 1984

Time to set textiles free

IT IS NOT often that shopkeepers and consumers get a word in when governments come under pressure from manufacturers and trade unions to block imports. But they are mobilising in the U.S. now to protest about the latest curbs on textile and clothing imports from the Far East.

A consortium of American retailers is challenging the tougher U.S. customs regime to be introduced on September 7. The declared aim of the new procedure is to stop exporters cheating on their bilateral quotas with the U.S. — by, for example, getting clothes made up, or finished, in third countries with more generous export quota allocations.

Of course, such "cheating" goes on all the time; and it goes on because of—or perhaps despite — the severity and hideous complexity of the bilateral quota system which the international MultiFibre Arrangement authorises.

Political muscle

Tougher customs surveillance is only one symptom of President Reagan's manifest determination to secure the votes of Republican, textile-producing states. That is how it looks to the Third World producers who, following a meeting in Karachi, are trying to exert political muscle by forming their own lobby with a bureau in Geneva.

Geneva is the headquarters of the General Agreement on Tariffs and Trade, and the Gatt secretariat itself has just published a thorough study of the MFA which re-emphasises what most economists suspected already: that the MFA is bad for nearly everybody, importer and exporter alike. What the study also suggests is that the MFA is not even doing the job for which it was designed—to protect jobs in developed countries while their textile industries staged an orderly retreat in the face of Third World competition. The readjustment has not, it seems, occurred as it was supposed to do, and the jobs have disappeared, anyway.

The third, and most restrictive phase of the MFA is up for review in July, 1986, and negotiations are due to begin shortly. Events of recent weeks suggest that trade in textiles, valued at some $100bn a year, is already becoming a hot political topic.

So it should, because it also presents the trading superpowers — including textile-producing Japan—with a political opportunity. Or rather, two opportunities. One is to begin dismantling a redundant, discriminatory and anarchic mechanism—the only trade-distorting international compact that is officially tolerated under the rules of the General Agreement.

The other opportunity is to redress the legitimate grievances of many poor countries against the industrialised nations. If Pakistan, for example, cannot sell textiles to the West it cannot buy from the West the agricultural and industrial machinery it needs to carry out the diversification that is constantly being prescribed.

This is a simplified equation, because the consequences of abolishing the MFA are not entirely predictable. On the import side, says the Gatt study, the loss of MFA quota protection would not hurt established producers as much as they think, while importing countries' economies would almost certainly benefit. On the export side, the end of quotas would break up a trading pattern in which market shares are allocated in a more or less predictable way between competing countries and enterprises. There would inevitably be price-cutting dislocation in the Third World as competition set in.

Obvious benefits

The industrial consequences may be hard to foresee, but the political benefits should be obvious. If the North is willing to make concessions on textiles, then the South should be readier to co-operate in the next round of multilateral trade negotiations that is mooted to start in 1986.

Meanwhile, these is something that free-trading Britain can do. To prepare itself for the next MFA review, the Government has commissioned an economic analysis of the costs and benefits of the system to the UK economy. If that study proves, as it is expected to do, that Britain is better off without quotas on textiles and clothing, Ministers should have the courage to say so—not only in marginal textile constituencies here, but in Brussels and Geneva too.

The role for a UK space agency

EARLIER this year, President Reagan announced the most ambitious project in space exploration since the Apollo project to put a man on the moon. This time the aim is to establish a permanent manned space station in orbit by the early 1990s. The pay-off in terms of industrial applications is likely to be much greater than with Apollo.

Responsibilty

In future decades, Britain's ability to compete in a wide range of high-technology industries may be partially dependent on the extent of its participation in space research. So when President Reagan recently invoted Britain (together with other Western nations) to join its new space project, a quick and cogent assessment of the proposal might have been expected from Whitehall. In fact, neither civil servants nor ministers have the machinery to assess properly the benefits the UK might derive from an orbiting platform, or the price it ought to pay to participate. No worthwhile reply has been forthcoming and public discussion has been equally low-key and ill-informed.

The reason is that responsibility for space is scattered almost randomly throughout Whitehall: no department or minister carries full responsibility. The Department of Trade and Industry looks after the more obviously commercial areas (for example, satellite communications and remote sensing). The Science and Engineering Research Council (under the aegis of the Department of Education and Science) handles research activities such as astronomy. The Ministry of Defence looks after military satellites; while the Departments of the Environment and Agriculture also periodically enter the fray—for example, over ways of monitoring the earth from space.

A panoply of Whitehall committees presided over these separate interests and attempts to help departments to liase with each other and with the European Space Agency (ESA). Mr Michael Heseltine, the Defence Secretary, argued recently that the UK's membership of ESA is sufficient to ensure co-ordination of its space activities. He might almost as well have argued for the disbandment of his own ministry on the grounds that Britain is in Nato. It is true that ESA is supposed to co-ordinate the space activities of 11 West European nations—but only on the assumption they have first established their own national priorities. The UK is lagging behind. In Nasa, the U.S. has had a strong semi-autonomous space agency for a quarter of a century while France and Germany are able to get a good return out of ESA precisely because they possess strong space departments within their government machinery.

Opportunities

The time has come for Britain to follow this lead. A self-standing space agency could provide strong leadership in Whitehall, brief other departments on the many important ramifications of space research and report to its own junior minister. A British space agency need not be big—it could have a staff of no more than two dozen and avoid both the expense and bureaucracy of America's Nasa or even the UK's Atomic Energy Authority. It might be modelled on the Alvey directorate (which tries to co-ordinate advanced computer research).

Making room for a small space agency would be a sign that the Government recognises the shape of Whitehall should reflect future needs rather than past precedents. A separate agency to focus ministerial responsibility for space research and marshal ideas has long been mooted. House of Commons select committees urged its consideration as long ago as 1967 and 1971, and two years ago the now-disbanded think tank took up the same theme. Civil servants are once again reviewing the arguments. They should realise that the explosion of interest of U.S. companies in space applications (be it launching satellites or research in orbiting workshops) follows 25 years of path-breaking by the U.S. public sector. If British companies are to enjoy remotely comparable opportunities, the Government must rationalise and improve its own efforts by setting up a space agency.

The protagonists: (from the left) Felix Rohatyn, Paul Volcker, Rupert Murdoch, Saul Steinberg

The U.S. merger boom

The contentious march of the Wall St predators

By Terry Dodsworth in New York

MR JOE FOGG is a slight, articulate, professorial-looking investment banker who has climbed to the top of one of the slipperiest slopes in Wall Street. At the age of 37, he is head of Morgan Stanley's merger and acquisitions department, and on one momentous day this year he brought in a single deal reckoned to have been worth around $15m to the bank.

This one transaction, the fruits of the Socal-Gulf merger, shows why the dealmakers remain the unrivalled stars of Wall Street, grabbing the headlines and achieving a visibility that is denied to the rest of the investment banking world. But at present their business is also becoming increasingly contentious. Are the dealmakers really necessary—or worse, damaging—to the economic system?

Even in the clannish world of investment banking, they do not attract universal approval. Only recently, Mr Felix Rohatyn of Lazards, one of the pacesetters in a former era, launched a blistering attack on his successors, accusing them of turning Wall Street into a "huge casino." Down in Washington, the legislators are equally concerned, if not more so, as they push ahead with new laws to curb the "excesses" of the takeover game.

All this flak is bursting around the ears of the investment bankers for one reason. The U.S. is experiencing a merger boom of monumental proportions, frequently involving a new cast of Wall Street predators who often give the impression of carrying financial opportunism to new heights. Far bigger sums are involved than ever before, and the whirlpool of activity is dragging in more companies, backed by more borrowed money, than anyone can remember.

Particular concern has been expressed about the new tactic of "greenmail"—the practice of acquiring a relatively small shareholding in a company and threatening a full bid, in the hope of forcing its management to buy out the stake at a premium.

To take just one example of the scale of the merger activity: the 1981 acquisition of Conoco by Du Pont for $8bn was a comfortable leader in the takeover stakes until this year, but it has since been easily surpassed by a couple of deals — the $10.1bn purchase of Getty by Texaco, and the $13.3bn acquisition of Gulf by Socal. The latter, incidentally, is worth about twice the French nationalisation programme of three years ago. So far this year, the overall value of mergers and acquisitions on the U.S. stock markets stands at around $65bn, and Morgan Stanley says that its own monitoring of deals over $35m shows that this year's activity is running ahead of the 1968 record in real dollar terms.

Defenders of this surge of activity claim that it is shaking up U.S. industry in a way that has not occurred for years. Like the other three great merger waves in the U.S. since the beginning of the century, says Mr Fogg, the present bout is being driven by underlying economic causes.

The shake up of the structure has been made easier because of the low valuation of U.S. public companies. With inflation in retreat, and underlying earnings recovering, shares would be trading on a substantially higher basis if there were not such enormous real yields on fixed interest securities.

These low stock market values, however, create opportunities for investors with managerial competence who see the advantage of buying into cash generative companies, and who can buy assets at less than their replacement value. At one end of the scale this logic has underpinned the oil industry reorganisation; at the other, says one Wall Street analyst, "you are creating a different kind of buyer—more entrepreneurial, more cash flow oriented."

These arguments unquestionably reflect the type of takeover activity which is occurring. Although this spans a very broad segment of U.S. industry and commerce, the one common thread is that it is concentrated on mature, established industries.

Thus the declining steel sector has spurred a defensive merger (LTV and Republic) and a defensive sale of a major participation to the Japanese (NKK's stake in National); the forest products industry has been the target of three takeovers, while the deregulated railway industry, now gaining much more freedom over its route pattern and prices, has produced some very large conglomerations; and in a host of industries—sugar refining, retailing, entertainment, greeting cards—existing management teams have come along and bought out their businesses, often from their parent companies, or from public shareholders.

The opponents of the merger boom have shown virtually no interest in the type of industrial regrouping that is going on, beyond a general aversion for larger companies. The mega-mergers in the oil industry have revived the deep-rooted American dislike of large concentrations of industrial and commercial power, and at one stage in Congress earlier this year there was serious talk of banning further oil mergers altogether.

But this line of criticism has not attracted broad support, partly because many of the takeovers at present are moving in the opposite direction—towards the de-conglomeration of the big industrial groups through the hiving off of unwanted divisions. Indeed, management buyouts by definition represent moves towards a reduction of financial and industrial concentration, not the contrary.

Where the critics have been scoring their big points is on the question of takeover tactics and techniques. Congress, in particular, is agitated by the frenzied pace at which acquisitions are being steamrollered through. There is a feeling that the situation is running out of control, that shareholders are not allowed to reflect enough about deals, and that the Wall Street predators are stampeding honest, homespun companies into deals which are not necessarily good for the country.

A related question is whether Wall Street is itself forcing the pace. The big New York investment banks have geared up their merger and acquisitions department enormously in the last few years, raising the suspicion that they are now driving takeover activity along rather than simply reflecting it. Indeed, the most recent takeover fashion—the leveraged management buyout—could not have developed to the extent it has without a good deal of investment by specialised Wall Street firms that have developed the concept, packaged it and fixed the financing.

Perhaps the most vigorous criticism of the takeover trend has homed in on this question of leverage—the use of enormous amounts of debt, often borrowed from the banks —which are cutting back on Third World lending.

Buyouts give existing managements the chance to create an equity stake (albeit very small) in the company they are running. In a typical transaction, the buyout originator (a Wall Street firm) sets up an acquiring group in which managers with modest financial resources are able to buy shares, and quite often the controlling interest.

The aim is to give managements an equity incentive in raising the value of their companies, but the technique has nevertheless provoked enormous disapproval. Mr Rohatyn, for example, says that this emphasis on high gearing bets a company's future on a speculative combination of continued growth and lower interest rates.

Even Mr Paul Volcker, chairman of the Federal Reserve Board, has weighed in with a sober warning that banks should be wary of making heavy commitments of variable rate loans to companies which might be unable to service them in a higher interest rate environment.

The positive argument for management buyouts, however, stands these criticisms on their head. First, although the equity on inception is small, the aim is to increase it rapidly, and this can be done more easily in a private company which is not dominated by dividend considerations.

Second, most buyouts are based on cash flow analyses which should be relatively predictable in mature industries. This approach has been made even more appealing by recent tax legislation which allows acquiring companies to revalue the purchased assets and then use accelerated depreciation allowances to amortise them rapidly, reducing tax to nil in the first year after the takeover.

Third, buyouts focus attention more closely on asset values and the way in which capital is utilised. Large public companies which sell off their subsidiaries in this way may well be establishing a firmer grip on the businesses they know how to manage best; and the buyout leaves the divested company in the hands of a management team which may well have a greater incentive to rejig its assets—stripping out surplus property, for example, or moving into new products—which did not exist in the larger group.

Similarly, Wall Street can—and does—contend that the rise of the corporate raider is a sign that the market system is working to the detriment of weak managements. Mr Bruce Wasserstein of First Boston, for instance, the iconoclastic young lion of the New York investment banking world, is one of the few agnostics on the question of the economic value of takeovers, saying that he has read most of the literature and it proves nothing. But he is adamant that a company which has both good industrial and financial management is virtually takeover proof.

In this context, aggressive investors like Mr T. Boone Pickens, the Texan oil specialist who singled out Gulf as the weak member of the seven sisters, or Mr Rupert Murdoch, the newspaper baron whose assault on both Warner Communications and St Regis has forced them into the arms of better run companies, are viewed approvingly by the markets.

This is, of course, exactly how Wall Street would be expected to react, and the more reflective members of the banking community are concerned that by over-playing their hand they could bring the whole pack of cards down on their heads. Many, indeed, have supported some limited legislative changes, mainly designed to give shareholders protection against moves which dilute their holdings, give them insufficient time to reflect on transactions, or favour minority groups.

These manoeuvres have been particularly highlighted recently by the brazenly opportunistic tactic of "greenmail." It has been successfully practised by Mr Murdoch at Warner, and spectacularly so by Mr Saul Steinberg at Walt Disney, wher shareholders are suing to try to wipe out his substantial greenmail profits. There is now a good chance that this device, along with a few others, will be banned in legislation before the presidential election in November.

But these legislative changes apart, and barring a win for the Democrats in the forthcoming Presidential election, the investment banking world clearly believes that all the market pressures still point in the direction of a continuing bout of merger and takeover activity — probably with increasing foreign participation.

"The cheapest assets in the world a he moment are publicly-owned American companies," says one Wall Street analyst.

1984's LARGEST ACQUISITIONS

Target company	Acquiring company	Value ($m)	Status
Gulf Oil	Chevron	13,300	Completed
Getty Oil	Texaco	10,125	Completed
Superior Oil	Mobil	5,700	Pending
Shell Oil	Royal Dutch/Shell	5,560	Pending
Continental Group	Kiewit Murdoch Group	2,750	Pending
Esmark	Beatrice Foods	2,700	Completed
Electronic Data Systems	General Motors	2,500	Pending
Utah International	Broken Hill Proprietary	2,400	Completed
Cit Financial	Manufacturers Hanover	1,500	Completed
Gulf United Insurance	American General	1,200	Completed

1984's BIGGEST BUYOUTS

Company	[Leveraged deals] Price ($m)	Status
City Investing	2,300	Pending
Metromedia	1,100	Completed
Wometco	977	Completed
DennySs	800	Pending
Mel Corp.	725	Pending
National Can	670	Pending
Dr. Pepper	627	Completed
Malone & Hyde	580	Pending
Blue Bell	494	Pending
ACF Industries	469	Completed

Mercury takes wing

Borrowing the name of the Roman god of eloquence and skill is evidently not the way to get a message across at the London Stock Exchange.

Yesterday, a messenger from Mercury Securities arrived wing-footed to announce the creation of a new financial services group comprising Warburgs, the Mercury subsidiary, Akroyd and Smithers, Rowe and Pitman and Mullens.

Hot on his heels came a messenger from Mercury Communications to report that Cable and Wireless was buying out BPs stake in the telecommunications company.

The Stock Exchange information system, no respecter of classical legend, duly put out the following statement at midday: Mercury Securities—purchase of 50 per cent by Cable and Wireless.

Such crossed wires seemed unlikely to ruffle David Scholey, the Chairman of Mercury Securities, however. An ebullient man, well rounded in every sense of the word, he is described as "very nice" by city journalists who have come up against him.

He was a protega of Warburg's founder, Sir Siegmund Warburg, who used to call him "an adopted son." Yet, still only 49, be retains tha respect of the young toreos who make Mercury tick.

With the announcement of the new four-way marriage, even though it is not supposed to happen until 1986, David Scholey should have laid to rest any lingering doubts that he has what Warburg's old guard call the necessary "touch" to take the group from the top of Britain's marchant banking establishment into the big league of international financial institutions.

He is, as the saying goes, a big man who moves quickly. He gives the impression of being good grasp of detail and is described as a "perfectionist" by colleagues.

Educated at Wellington and Christ Church, Oxford, be has been with Warburg's since 1965 after s spell as an insurance broker in Canada and with the merchant bank Guinness Mahon.

One obviously useful asset he has is his smoothness in dealing with the media. His trade mark is a double breasted suit and be is said to hava an sddiction to Smarties.

Men and Matters

"Probably another of the President's jokes, son"

Broker passes

A 200-year chapter in the City's history will end when Nigel Althaus, the Government broker, and Kenneth Hill, his dealer, leave Mullens in the "big bang" of 1986 to join the Bank of England.

It wa in 1786 that the first Government broker was appointed—to act for the Commissioners for the Reduction of the National Debt set up by Pitt the Younger, whose later financial innovations included income tax at 2s in the £.

Benjamin Cole, who started buying annuities as broker for tha Government, was the first man to hold the post. And it was the senior partner of his firm—now Mullens & Co.—who became tha antomatic choice for the job over tha next two centuries.

The Mullens family, who joined the firm in 1829, and the Daniell family, who entered it in 1846, have both provided occupants of the post.

Althaus broke a near 100-year-old family tie with stockbrokers Pember and Boyle to become senior partner at Mullens—and will now wrap up another two centuries of tradition. "Bnt it was never appropriate that the Bank of England should do its business through a dual capacity house," be says.

At the Bank (where surely the Old Lady's salary structure will have to be revised to accommodate him), Althaus will perrform much tha same role as old, though dealing with 15-20 primary dealers instead of half a dozen jobbers.

Raising money for the Treasury through the gilt-edged securities market will continue to be the low profila job it has always been.

At Mullens, they put their beads together yesterday trying to recall whether anything bad ever really disturbed the even tenor of the Government broker's occupation. "Ob yes," it was remembered, "one GB's daughter was chargod with murder in the 1930s."

High wire

Richard H. Burton, appointed first chairman yesterday of the Cable Authority which will regulate cable television, is disarmingly honest. "I was available if anybody wanted me," be said, swivelling obligingly to peer into one camera lens after another at his press conference.

Since January, when be retired st the age of 60 as chariman of Gillette Industries, be has had few commitments apart from a one day a week consultancy role for Gillette in Boston.

The Home Secretary approached him three weeks ago about his new job. "I have no brief from him. I don't know what be expects. I think I'll do the job all right whatever the job turns out to be," Burton said cheerfully.

A former common law barrister, and son of a Yorkshire cricketer, Burton thinks be may have seen cable television in hotels bnt freely admitted that he still had a lot to learn about the industry's technological jargon—phrases liked "switched star" and "narrow casting."

In the past thre weeks, he has read the Hunt report, the Lords' debate on the Cable and Broadcasting Bill—"well, most of it"—and the Commons second reading.

But his international business experience and his fresh mind on the subject should serve him well. "Cable is a totally new animal. It's up to me to see what I can make of it," he said.

Social circle

Some wry smiles from leaders of the Association of Lloyd's Members as they sifted through applications for the job of their new chief executive.

One applicant recorded that he had served as a social workers in HM Prisons. And, responding to a later question on the form, be added: "I know several members of Lloyd's in my social work capacity."

Another bit of experience may help, too. He was chief fund raiser for an arts centre due to open in Hounslow in October—which may enable him to provide some tips for the industry

Observer

BASE LENDING RATES

A.B.N. Bank	11 %	■ Hill Samuel	§11 %
Allied Irish Bank	11 %	C. Hoare & Co.	†11 %
Amro Bank	11 %	Hongkong & Shanghai	11 %
Henry Ansbacher	11 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12½%	Knowsley & Co. Ltd.	11½%
Associates Cap. Corp.	12 %	Lloyds Bank	11 %
Banco de Bilbao	11 %	Mallinhall Limited	11 %
Bank Hapoalim	11 %	Edward Manson & Co.	13 %
BCCI	11 %	Meghraj and Sons Ltd.	11 %
Bank of Ireland	11 %	Midland Bank	11 %
Bank of Cyprus	11 %	■ Morgan Grenfell	11 %
Bank of India	11 %	National Bk. of Kuwait	11 %
Bank of Scotland	11 %	National Girobank	11 %
Banque Belge Ltd.	11 %	National Westminster	11 %
Barclays Bank	11 %	Norwich Gen. Tst.	11 %
Beneficial Trust Ltd.	12 %	People's Tst. & Sv. Ltd.	12 %
Brit. Bank of Mid. East	11 %	R. Raphael & Sons	11 %
■ Brown Shipley	11 %	P. S. Refson & Co.	11 %
CL Bank Nederland	11 %	Roxburghe Guarantee	11½%
Canada Permn't Trust	11 %	Royal Trust Co. Canada	11 %
Cayzer Ltd.	11 %	■ J Henry Schroder Wagg	11 %
Cedar Holdings	12 %	Standard Chartered	‖11 %
■ Charterhouse Japhet	11 %	Trade Dev. Bank	11 %
Choulartons	12½%	TCB	11 %
Citibank NA	11 %	Trustee Savings Bank	11 %
Citibank Savings	¶12 %	United Bank of Kuwait	11 %
Clydesdale Bank	11 %	United Mizrahi Bank	11 %
C. E. Coates & Co. Ltd.	11½%	Volkskas Limited	11 %
Comm. Bk. N. East	11 %	Westpac Banking Corp.	11 %
Consolidated Credits	12 %	Whiteaway Laidlaw	11½%
Co-operative Bank	*11 %	Williams & Glyn's	11 %
The Cyprus Popular Bk.	11 %	Wintrust Secs. Ltd.	11 %
Dunbar & Co. Ltd.	11 %	Yorkshire Bank	11 %
Duncan Lawrie	11 %		
E. T. Trust	11½%		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	14½%		
First Not. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11 %		
Robert Fraser	12 %		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		
■ Hambros Bank	11 %		
Heritable & Gen. Trust	11 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.75%. Fixed rate 12 months £2,500 8.75% £10,000. 12 months 10%.
† 7 day deposits on sums of under £10,000 8%. £10,000 up to £50,000 8½%. £50,000 and over 9%.
‡ Call deposits £1,000 and over 8%.
§ 21-day deposits over £1,000 9%.
‖ Demand deposits 8%.
¶ Mortgage base rate.

UNIONS AND COMPUTERS

The slow leap forwards

By Philip Bassett, Labour Correspondent

MR GAVIN LAIRD, the neat, precise general secretary of the right-led Amalgamated Union of Engineering Workers, sees them as crucial to the modernising of Britain's often old-fashioned trade union movement. Mr Ken Gill, the left-wing leader of the white-collar engineering union Tass, has used them for years.

Both Mr Frank Chapple of the electricians' union and Mr Tom King, the Employment Secretary, see them as vital to improving trade union democracy.

What are they? Computers and new technology, which for many unions, are fearful words, spelling out redundancy, unemployment, loss of members. But despite their — sometimes unfair — image of near-Luddite opposition to technological change, Britain's trade unions are gradually starting to embrace the computer revolution — if not in the workplace, then in their own backyards, their own organisation.

This process — often agonisingly slow—Tass, the first union to use computers for administration, got its first machine in 1962—and a recent confidential TUC paper acknowledged that there are "a substantial number of unions who, at present, have no plans for the introduction of new technology". But the pace is accelerating now for two main reasons.

First, the law. A last-minute change in the Government's Trade Union Act on unions' internal democratic procedures, which received the Royal Assent three weeks ago, requires unions for the first time to establish and maintain an up-to-date and accurate record of their membership to put into practice the ballots on strikes and union elections demanded by the Act.

Lord Gowrie, the Government's spokesman in the House of Lords on employment matters, says that "without registers of union members' addresses an immediate and universal requirement for postal ballots would be quite ineffective," so that a register is "a giant step forward."

The Government is not making it mandatory that such a register should be held on a computer, but it is unlikely that unions starting to compile a list, as the Act's provisions now require, could do so without new technology.

For many unions, complying with the law will be difficult enough *with* the help of a computer.

Nalgo, the white-collar government union, estimates that the initial capital cost of introducing a computer-based register for its 780,000 members could be about £1m. Up to 60 temporary staff will be needed just to key in names and addresses, with annual running costs of up to about £100,000. With finances straitened by unemployment, Nalgo argues that many unions simply cannot afford to comply with the law.

Mr Chapple, general secretary of the Electrical, Electronic, Telecommunications and Plumbing Union, which is the most advanced trade union user of computer technology, dismisses these objections. "The failure of unions to provide central, comprehensive, computerised records cannot be defended on the grounds of cost, as our whole experience suggests it is cost-effective.

The second reason for the quicker pace of change is the unions' own internal dynamic. "Trade union democracy and procedures are one step behind the aspirations of our members," says Mr Laird, who has just installed in the AUEW's South London headquarters its third generation of computer equipment.

Mr Clive Jenkins, of the white-collar ASTMS, looks with distaste at the huge volume of printed material pumped out by the TUC from Congress House, and wants to see it all replaced by permanent computer links between unions. At next month's TUC Congress in Brighton, he will try to divert attention from the miners' dispute by proposing such a "centrally-developed technology"

Three weeks ago, the TUC's "inner cabinet," the finance and general purposes committee, looked for the first time at the results of a confidential TUC survey of affiliated unions' usa of new technology.

Only 41 of the TUC's 98 unions even replied, and of those seven had no computers at all. If, as is likely, those failing to respond also use no new technology, the survey shows how limited is the unions' use so far—though the TUC's report says that "the use of computers by unions who responded to the circular has more than doubled in recent years."

The table shows the survey's main results. Now the TUC, through a small working party, is looking at such possible areas as a shared viewdata service, the development of specialist software, and the bulk buying of computer equipment.

Some unions feel that the TUC carthorse is once again slowly lumbering behind its own unions. Mr Bernard Smith, Tass computer manager, says: "What the TUC should have done years ago is to set up a computer bank, like the banks and the building societies." Mr David Lea, TUC assistant general secretary, points out that the TUC itself has no members. "It's a long way down the road before we start running the TUC like the Midland Bank."

Many unions have been cautious about even putting their toes in the unknown waters of the computer world.

There are problems for unions trying to get to grips with computers. "Don't trust sales persons," says Mr Ken Jones, of the civil servants' union SCPS, after conducting his own 18-month feasibility study on computer purchase. Mr Terry Rendle, of the Guildford-based TLR Computer Consultants company, which has advised a large number of unions on bringing in computers, says that unions are no more naive than other organisations which have no computer experience—but he agrees that the pressures from the requirements of the Act may leave some unions open to less scrupulous computer sales staff.

The unions may also encounter opposition from within. The TUC itself is embroiled in lengthy and delicate internal union negotiations to bring word processors into Congress House, and one union computer analyst says:

"I then came to the problem that union managements are not the most dynamic—least of all when it comes to spending money on something which seems both high-tech and complicated. They are very cautious and conservative, proceeding at a snail's pace, when it really needs somebody to take the plunge and cope with the potential employee-staff problems as well."

Even when they've got computers, most unions don't utilise their full capabilities. "They could use them better," says Mr Rendle. Only Tass, with a long-standing and complex wages survey, and now ASTMS, with some economic work, use their computers for anything much more than membership records: a survey last month found that about 80 per cent of unions' research departments had no access to computers at all—"probably less than many of their unions' branches," where some computers are used for word processing, branch accounts, and in the Midland region of the transport workers' union, for holding details of tribunal cases.

Those unions which have taken the plunge, though, wax lyrical. The EETPU saves £50,000 a year by computer pre-sorting its automatically-addressed mail into postcode areas. Tass has reduced costs by about £200,000 annually through lower stationery and postage expenses, and through the reduction of staff by natural wastage. Though it is bad news for the post office workers, the AUEW estimates that at current prices, it cost only 1p per item more overall to send electronic mail through linked VDUs than letter post.

Computers improve access to members: in dealing with the breakaway of the union's Fleet Street electricians' branch which was trying to join the print union Sogat, officials of the EETPU were confident that they could always win in the end because they had the technical ability to put their own case into the homes of every branch member every day if necessary. Those in favour of the break could not match this.

Unions, too, have to match employers' computer-based capabilities. Earlier this year, on the morning industrial action was due to start in a number of tax offices in the West Midlands, union members set to take part found on their office VDUs a message from management urging them not to.

Unions may find it difficult to sustain arguments against computers on grounds of cost and operational problems. How can unions argue that employees should be union members, for instance, when they don't know who or where their members are? Nalgo has no real membership records: what information it has is held by local authority employers. The CPSA is similarly dependent on employer-supplied information.

Clearly, obtaining information is difficult. Mr Rendle says: "The hardest part of computerisation is getting the membership records." In the TGWU, local officials rebelled when asked for such information, and in effect halted a computerisation project. Even in the long-computerised Tass, a merger with the sheet metal workers' union, which has sparser records, has led to major headaches.

For most unions, meeting the terms of the law will not be easy—but then, not knowing who your members are is hardly a sound base from which to defy the law.

So most unions will probably have to grasp the computer nettle, but it will take time. Estimates from experienced union computer officers of the likely time to set up from scratch range from nine months, at the most optimistic, to more than two years, as a worst guess. The problem for most unions is that the legislative timescale of the Government's Trade Union Act may not allow them the luxury which their often-creaking internal procedures require to take them into the computer age.

UNION USES OF NEW TECHNOLOGY

Figures in percentages

	Prior to 1982	Since 1982	Planned	No plans
Membership records	24	34	7	32
Word processing	10	32	12	44
Financial user	22	29	10	37
Filing	5	7	2	83
Information retrieval/research	7	15	15	61
Electronic mail	5	7	5	80
Other	0	2	2	93

Source: unpublished TUC survey

European Aircraft collaboration

Why Britain should stand alone again

By Kenneth Warren

THREE nations—the UK, the U.S. and the Soviet Union—have the capability of designing and producing military aircraft for the 21st Century entirely from their own industrial resources. But with three weeks to the Farnborough Air Show the British industry has pressed the alarm bells over the government's European Fighter Aircraft (EFA) proposals.

The British, French, Italian, Spanish and West German Governments have announced they will collaborate on this project. From past experience this could be like a Cup Final with five sides, five goal mouths, no off-side, no Red cards and the Americans cheering nobody to win.

The industry is concerned because in the past collaboration has cost more than it has gained in world markets.

The seed of this concern was sown on November 29, 1962, when the Concorde alliance with France was sealed. It seemed destined to serve two splendid purposes. Firstly, to create a cheap leap over the Americans into supersonic transport. Secondly, Concorde would be a British dowry demonstrating our determination to be wedded to the Common Market. Entering service in 1976, it had cost £2bn, chief designers had become politicians and politicians had become project managers, but the UK had proved its EEC credentials.

"Collaboration" had become the catalyst of change in UK aerospace. Its practice became almost obligatory political policy for Government. The reasoning was straightforward: decide a joint specification, share development costs, gain the economies of scale of partners pooling production and cheer. But the reality has been weird.

On Concorde, the French designers listened to the authority and experience of British manufacturers. Our leadership in delta-shaped wings and automatic landing were amazing gifts to them. The French did not miss a trick, insisting on sharing technology, splitting development and two production lines. The Anglo-French Jaguar duplicated this five years later.

Next came Tornado and three production lines. The UK equipment industry was required to find Italian and German partners and where none of the essential quality existed, to set them up. British workers lost contracts they could have won on merit but which, if awarded to the UK, would have upset the neat pkolitical carve-up of contracts: 42.5 per cent to West Germany and the UK and 15 per cent to Italy.

Competitor companies were created where none had existed before. International management bureaucracies undreamt of even by Prof Parkinson were born and still thrive.

The fundamental question facing our industry is how to protest to its chief customer, the Government, that collaboration is not the best way to compete in world markets.

The excess production costs of "collaboration" are estimated to be between 20 per cent and 50 per cent. Equipment costs have sometimes doubled. When the Ministry of Defence announced this year that "competition" was the new vogue, UK industry applauded. Europe's foremost military marketing successes — Harrier, Hawk, Shorts' Sherpa, and the French Mirage — had all bypassed "collaboration." Rolls, Marconi, Smiths and Racal had won significant competitions in the U.S. and a new generation, the "Experimental Aircraft Programme," had been launched in 1982, funded jointly by industry and government. The Defence Ministry had embraced fixed prices and it awarded contracts that will cost the taxpayer less than the price of production because the UK suppliers expect to recoup this in export markets. Industry and Government were getting their Act together.

Collaboration is not the best way to compete in world markets

Then came EFA and with it a return to "collaboration." "It will compete with U.S. planes in the Nato market," said one statement. One applauds confidence, but experience outweighs hope.

There will be U.S. rivals, from new materials aircraft that defences can see, to the ultra-secret "Stealth" stable that defences cannot see. Competition will be tough.

The danger is that once more "collaboration," which means "politics," will dominate decisions. Spain will have to start new companies to take its share. France will want a production line. But if Rolls dominates the engine, what share will be left for our equipment industry? And do not forget the "rights" of the Germans and Italians.

Of course, we could try "Competition." It works for the Americans, and Dassault of France has never found its failings. In aerospace successes comes from making up your own mind, fixing firmly on a market, and letting brains and determination loose.

When it is said we cannot afford to "go it alone" one wonders if Defence chiefs have considered the chances of continuing collaborative production in wartime.

Moreover, the time has come for the Treasury to take account of the fact that labour accounts for some 50 per cent of the cost of defence equipment and that 40 per cent of this goes back to the Government in taxation. Therefore one must reduce the price of a UK "go-it-alone" programme by 20 per cent to achieve valid comparisons with a pan-European programme. EFA is bound to be a compromise. It is likely to cost UK taxpayers £2bn. To produce what the RAF wants to defend us would employ three times as many UK workers and would cost £2.5bn. To compare with EFA, cut this by 20 per cent.

Competitiveness is essential to market success, employment and profit. What is required now is implementation of the Prime Minister's declared determination to "face three challenges: the defence of our country, the employment of our people, and the prosperity of our economy." UK industry must be challenged to demonstrate that old time "collaboration" is too costly for the wellbeing of its 200,000 workers, its shareholders, and all of us as taxpayers.

The author is MP for Hastings and Rye, chairman of the Commons Select Committee on Trade and Industry and an aeronautical and electronics engineer. The article gives his personal views.

Letters to the Editor

Jaguar and the mails

From Mr V. Solomon

Sir, — Long before applications for Jaguar shares had to be in, the view was freely expressed in the financial Press that the issue would probably be over-subscribed about 10 times. The issuing house and bank concerned therefore had ample time to organise sufficient staff to deal with the "mountains" of application forms which received such wide publicity in the media. In the event, the issue was covered eight and a-half times only.

The opportunity, however, was too good to miss, and so we were told that due to the extra work involved, dealings were to be delayed by an extra day, from Thursday to Friday.

I had sent in about half-a-dozen applications for myself and my family, and duly received back on Friday all six either rejected in the ballot, or successful, with allotment letters and refunds. So far, so good.

I had, however, also sent in a company cheque for £41,250 applying for 25,000 shares, for which I was entitled to an allotment of 2,500 shares. Surprise, surprise, no letter, no refund. This duly arrived on Saturday, and the refund of £37,125 could not be banked until Monday, costing my company an extra three days' interest.

Barclays Bank posted all letters with pre-paid postage envelopes giving no indication of day of posting. My bank, however, informed me on Monday that it was flooded out with refund cheques of large denominations that very day.

This practice can only bring the City into disrepute. British Telecom lies ahead — fellow investors: beware!

Victor M. Solomon.
2, Hollin Brow Close, Knowle, Solihull, Warwicks.

Plight of the small investor

From Mr A. Hubner

Sir,—I am one of probably millions of small investors who last week applied for Jaguar shares and whose application was rejected.

I am constantly reading in the financial columns of the Press that the Stock Exchange, financial institutions and the Government are increasingly concerned that the proportion of shares held by small investors is gradually shrinking. Well I, for one, am not surprised. If I had been told that my application was to have been subject to a ballot (and then to have only received 100 shares) I would not have bothered to have applied, thereby not losing two weeks' building society interest.

Surely, if the issue was eight times over subscribed then the fairest way would be to issue one-eighth of the number applied for, in my case 500.

I have bought several Government new issues in the last year not with the intention of becoming a "stag" but as investments. If, however, my application is considered insignificant as I have not put in multiple applications for millions of shares than when I am offered British Telecom and British Airways shares I shall say, thanks—but no thanks, I do not want to enter another ballot. At least I can be sure a bookmaker will always accept my bet and on the right mount the odds are less than 8 to 1!

If issuing houses do not want to be bothered with small investors then why not make the minimum application 10,000 shares? But as I was offered shares and applied for 500 than I should have been treated in the same manner as large investors.

As an ex-Jaguar apprentice, having at various times owned Jaguars and running a small garage servicing Jaguars I feel upset and frankly, deceived and done over how this issue was conducted.

A. C. Hubner.
Firs House,
385 Nether Street,
Church End, Finchley, N3.

Preserve a Beaufighter

From Mr H. W. Goss

Sir, — I feel compelled to write and ask if something cannot be done to preserve the Beaufighter I see deteriorating every year when I am on holiday. The aeroplane stands in a compound at Llanbedr between Harlech and Barmouth in Wales. Some attempt was made to restore it some years ago, but its condition gets worse every year. I am sure that there are not many of these aircraft still in existence.

H. W. Goss.
12, Brownsfield Road,
Lichfield, Staffs.

Computer games

From Mr N. Holgate

Sir, — Lombard's "computer cult" (August 9) is a hopelessly one-sided view of computers; home computers can enhance the imagination of children and adults just as easily as they might curtail it. I have always enjoyed designing games. I bought a microcomputer last year and can now plan much more complex and (I hope) interesting games than ever I could "with a pencil."

David Marsh might reply that such games, sold to others, isolate and dehumanise the players, but that is only so if consumers insist on wasting their money on endless "Space Invader" variants. In fact, there are also computer games for several players, more durable and challenging than board games because the computer acts not merely as the board but also as oracle, liar or umpire, complementing the players' machinations against one another.

Nicholas Holgate.
Trinity College, Cambridge.

The vanishing pound

From the Deputy Master and Comptroller, Royal Mint

Sir,—Mr A Taylor (August 11) has a point when he says that one reason for so few £1 coins appearing in circulation is because they are convenient as a form of piggy-bank saving. Of far greater importance however is the unwillingness of the retail trade to draw £1 coins from the Banks while the £1 note remains in circulation. A notable exception is Marks and Spencers whose experience confirms the view that less than 3 per cent of customers reject the coin in favour of a banknote.

There is no shortage of £1 coins at source and those who, with Mr Taylor, like the coin should ask for them in their change instead of quietly accepting £1 notes.

(Dr) D. J. Gerhard.
7 Grosvenor Gardens, SW1.

Monopoly in civil aviation

From Mr D. Lindsay

Sir,—Your leader "Monopoly in civil aviation" (August 9) begged some pretty fundamental questions.

Is it fair to the airline user to have forced upon him a substitute airline, without so much as a "by-your-leave"?

Is it fair, reasonable or human to expect the loyal staff of one airline to switch that loyalty to a competitor, just like that?

Is it not contrary to established fundamental freedoms (see particularly article 1 of the protocol to the Council of Europe convention on rights and freedoms) to deprive even a corporate entity of part of its possessions, except for tax or some other obviously essential purpose?

Does not the unilateral revocation of rights granted (especially rights that have then been developed at considerable cost to the grantee) undermine the principle of sanctity of contract on which the fabric of business rests, and create a dangerous precedent?

Is it right to order a trading enterprise to dispose of part of its business to a competitor otherwise than pursuant to some general, anti-trust type, legislation under which the party to be deprived can be heard in an appropriate court before the order is made?

The questions may not have been within the remit of the Civil Aviation Authority, but they cannot be ignored by Government.

David G. Lindsay.
56 Orchard Coombe,
Whitchurch Hill,
Reading, Berks.

The top ten clichés

From Mr N. Tomalin

Sir,—Mr Bloom (August 9) is to be congratulated on his exposé but I feel that in this regard the characterisation of specific criteria must utilise and be functionally interwoven with the anticipated fourth generation hardware. Almost invariably one finds a nearly unique resultant implication following the initiation of sub-system development which requires considerable systems analysis and trade-off studies to arrive at the philosophy of commonality and standardisation.

In particular and within the parameters of a fully integrated test programme it is possible to maximise the probability of project success thus minimising the cost and time required for the evolution of structural design based on system engineering concepts.

N. A. Tomalin.
Highfield,
Gussage All Saints,
Wimborne, Dorset.

Cricket, lovely cricket

From Mr J. Pereira

Sir,—As a "top ten" fanatic, I am happy that the FT has become one of us. I hope it shall remain so. At the same time I am sad that Mr Lorenz (August 1) scratched McDonald from his top-ten companies just because of one inedible hamburger and some soggy over-salted chips. May I suggest that by his reasoning, Mrs Thatcher ought to have been banished by the British people just after she slipped on one-and-a-half banana skins!

While at this, I am not too sure, if I am pre-empting the issue and spoiling the fun, as they say, but would your top ten present-day Test cricketers read like this: Botham, Chappell G., Gavaskar, Hadlee, Imran Khan, Kapil Dev, Lillee, Lloyd, Marsh, Richards?

J. M. Pereira,
Investment Division,
State Life Insurance,
State Life Building, No 9,
Dr Ziauddin Ahmed Road,
Karachi-4, Pakistan.

FINANCIAL TIMES

Wednesday August 15 1984

William Hall in New York on the waning fortunes of the biggest U.S. mortgage lender

FCA's risky ride on the interest rate cycle

CHARLES KNAPP, the 49 year-old chairman of Financial Corporation of America (FCA), the biggest savings and loan in the U.S. has been likened to a riverboat gambler who does not know when to quit the table. It is a description he hotly denies.

"We are a very conservative company, run by very conservative people who have simply taken what has been successful in other businesses and adapted it to the savings and loan industry," said Mr Knapp.

In less than 10 years, Mr Knapp, an investment banker who likes flying vintage aircraft, has taken the sleepy U.S. savings and loan business by storm. He entered the industry via the acquisition of Budget Industries, a small financial conglomerate with an interest in an obscure Californian savings and loan which took deposits and lent money to homeowners.

FCA has always been viewed with a certain amount of suspicion by the financial establishment because of its heady growth rates and its running battles with government regulatory agencies such as the Securities and Exchange Commission (SEC) and the Federal Home Loan Bank Board which have taken it to task over its accounting principles and capital ratios.

As long as FCA could keep growing rapidly its problems were disguised, but once the growth begins to slow, as it has currently, the problems begin to mount and the financial community, which has still not recovered *fully from the* Continental Illinois trauma, is looking increasingly nervously at FCA.

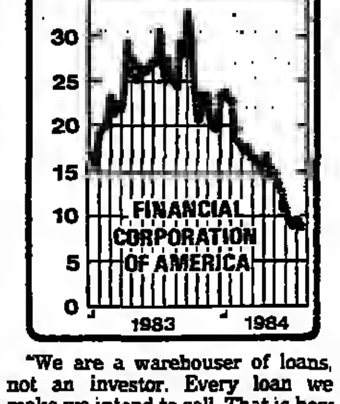
This is shown by the higher rates FCA is having to pay for its funds. According to the Meyer weekly interest rate survey FCA is offering 12.75 per cent on its 30 day jumbo certificates of deposit against an average 12.08 per cent. FCA's share price, which touched $32⅞ last year, is now about $8⅜.

Wall Street is anxious to know more about the financial health of FCA and is hoping that the publication of its full quarterly statement, known as a 10Q, later this week will answer some of the questions.

Mr Knapp and his team have never regarded themselves as savings and loan industry executives. "We see ourselves more as a real estate merchant banking organisation, as asset and liability managers," they said. This has been reflected in a markedly different approach to the business.

While most other savings institutions and banks wait for depositors to come through the doors of their branches FCA has financed its rapid growth in deposits by hiring an aggressive sales force and paying rich commissions to its "superstar" deposit gatherers.

The other side of FCA's balance sheet also differs markedly from the norm. FCA is still an aggressive believer in fixed rate mortgage lending while most of its rivals have been switching to floating rate mortgage loans so that they can protect themselves from unexpected moves in interest rates.



	Assets	Net income
	$bn	$m
1977	0.67	4.7
1978	0.82	7.2
1979	1.12	9.5
1980	1.78	12.7
1981	3.76	17.8
1982	6.59	27.3
1983	22.70	127.5
1984*		75.3

* First six months

"We are a warehouser of loans, not an investor. Every loan we make we intend to sell. That is how we correct the unfortunate disparities in a business where you borrow short and lend long," Mr Knapp said. His formula has been to put on loans quickly as interest rates rise and then sell them at a profit when rates fall. Last year FCA acquired First Charter Financial, doubling its assets to about $22bn. In the first half of 1984, FCA increased its assets by two fifths to $32.7bn. If it were a bank it would be the twelfth biggest in the country.

The strategy of building up the asset base rapidly during a period of rising interest rates and then making handsome capital gains as interest rates fall has worked for FCA before, most notably in August 1982, when U.S. prime rates were standing at 16½ per cent. Mr Knapp said: "I thought the country was possibly gone. It was that bad. We were prepared to exist as a company for another year and a half. I could see Pan Am and Ford would be gonners and possibly Bank of America, if rates did not fall. Our theory was that the U.S. Government was not going to collapse."

He believes inflation and high interest rates are cyclical rather than permanent and in a free market rates must eventually come down, either through some form of governmental intervention or, more likely, an economic slowdown and recession.

Six months later U.S. prime rates had fallen to 10.5 per cent and FCA's share price and profits were bumping new peaks. "Everyone says we were really lucky. They never gave any credit for the fact that the FCA team had really thought these things out," Mr Knapp said.

If U.S. interest rates were to fall again sharply in the short term, FCA's *financial position would* be much improved, but at the moment the financial markets are suspicious. In the quarter FCA's net interest income totalled $37.2m, but its net income was bolstered by $40.6m of fees and commissions, $31.9m of investment income and $42.2m of gains on the sale of loans to other companies.

Wall Street analysts estimate that FCA is probably earning only 12 per cent on its assets, whereas it is having to pay 13 per cent and more for some of its funds. The slowdown in its growth means its fee income is probably down and it is not clear whether it is being able to sell its loans at a profit. Analysts will be searching through FCA's latest 10Q for clues on these and other matters.

In the meantime, Wall Street is reserving its judgement on FCA. According to Mr Joosthen Gray of Sanford Bernstein, who follows the savings and loan industry, FCA has the largest interest rate mismatch of any major financial institution in the U.S. – 30 per cent of its assets are repriced every year as against 84 per cent of its liabilities. In addition FCA's problem loans are believed to be above average for the industry, although the company disputes this.

It has become very reliant on the wholesale money markets for funds. An estimated 40 per cent of the groups $25bn of deposits are reckoned to be uninsured, which is high for a savings and loan and makes it vulnerable to jitteriness in the money markets.

Opec production below ceiling says minister

BY RICHARD JOHNS IN LONDON

THE ORGANISATION of Petroleum Exporting Countries' oil output bas dropped to 17m-17.3m barrels a day, according to Dr Mana said al Otaiba, the United Arab Emirates' Minister of Oil. Market estimates put production at 18m-18.5m b/d.

With this reassurance Dr Otaiba discounted implicitly yesterday the possibility of Opec calling an emergency ministerial meeting soon to review the present agreement on production and prices which lays down a ceiling of 17.5m b/d nn collective output.

In an interview with the Saudi Arabian newspaper Asharq al Awsat he said that Opec's market monitoring committee, of which be is chairman, would meet (as scheduled) on September 26 to review the market and decide whether to call a full Opec conference.

Contrary to reports and rumours of moves to call an emergency session the consensus within Opec is that member states should concentrate on exercising strict discipline

Considerable scepticism about the credibility of the world price structure persists but market analysts would not dissent from Dr Otaiba's estimate of Opec output falling below the ceiling in response to lower demand.

The argument *against holding* an extraordinary conference is that it might in itself destabilise the market, just as spot price indicators are showing a recovery nf confidence, and also risk dangerous dissension over quotas if a reduction in the 17.5m b/d limit on overall production was deemed necessary.

Opec bas received some encouragement from the evident determination of the UK Government to maintain the present price structure based on the $29 Opec price reference for Arabian Light – as witnessed by its appeal to oil companies in Britain, not to put pressure on the British National Oil Corporation for a cut in official North Sea rates.

In Opec circles, bowever, there is continuing discontent over the high rate of U.S. output from the North Sea.

Spanish take over failed Dragon computer maker

BY CHARLES BATCHELOR IN LONDON

PRODUCTION of Dragon microcomputers is to restarted in Spain soon by a privately-owned company which has Spanish Government backing. This will give Spain its first domestic microcomputer manufacturer in a market previously served solely by imports.

Dragon Data, the South Wales-based maker of the Dragon 32 and 64 home computers, went into receivership in June despite a £4.5m ($5.8m) rescue package arranged by its main backers Prutec – part of the Prudential Assurance Group – and the Welsh Development Agency. *Dragon Data announced yesterday* that its assets have been bought from the receiver by Eurohard, a recently established Spanish company which Dragon originally had signed up to make the computers under licence.

Eurohard, which plans to open a factory employing about 100 people in Caceres, 150 miles south-west of Madrid, will now become the sole manufacturer of the Dragon.

General Electric Company will handle the distribution and servicing of Dragon in the UK. Another recently-formed UK group, Touchmaster, a wholly-owned Prutec subsidiary, will be responsible for customer support and the sale of Dragon software in Britain.

Touchmaster's main activity will be to make pressure sensitive pads and graphics tablets at Dragon's old factory at Kenfig in South Wales. It will employ about 35 of the 150 people working for Dragon when it went bust.

Mr Brian Moore, managing director of Touchmaster and a former executive of GEC who was seconded to sort out the problems at Dragon, said: "Eurohard will be launching a series of programmes on microcomputers on Spanish television in the autumn in the same way that the Acorn computer is used by the BBC. With Spanish language software I am sure they will be able to develop their markets in Spain and in South America very effectively."

Market potential in Spain for the Dragon is between 60,000 and 100,000 sets a year.

World Weather

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Warburg parent plans merger with UK brokers and jobber

Continued from Page 1

made provisions in the terms for acquisitions to be made before the merger is effective, but Mr Tim Nixon, an Akroyd director, said consideration had not so far been given to acquiring a U.S. primary dealer.

● Corporate finance. Both Warburg and Rowe & Pitman have prominent corporate finance teams. The latter's "market-related" service of retailing the corporate finance operations of its customers would be provided separately from the former's more purely advisory service, Mr Peter Wilmot-Sitwell, Rowe & Pitman's senior partner, said. An integrated service, involving taking positions in securities as a principal, would only be offered to clients who wanted it.

● Market making and broker-dealing. The market-making skills of Akroyd will combine with the research and distribution of both stockbrokers to produce a well-capitalised subsidiary which should have no difficulty in winning primary dealing status in gilt-edged securities. For equity trading, the three companies will form a broker dealer under new dual capacity rules.

● Investment management. Subsidiaries of Warburg have over £6bn under management, Rowe & Pitman has about £800m, and Mullens manages about £500m. Mercury plans to bring its present asset management interests under its own umbrellas as a direct subsidiary rather than as a unit of Warburg. This will remain separate from Rowe & Pitman's investment management subsidiary. But Mullens may merge its activities with one of the other two.

● Banking. There will be no significant effect on the activities of Warburg in the primary international capital markets, banking and foreign exchange, project finance, and as an adviser to governments.

● Mercury's other interests. It has a 29 per cent stake in the insurance group Stewart Wrightson, and Mr Scholey said yesterday that it had neither any reason nor any plan to dispose of the holding. Other interests include shipbroking.

Under the proposed merger terms, shareholders of Mercury Securities will have a 73.3 per cent stake in a new holding company, but this would drop to 58.8 per cent on full conversion of convertible securities issued in the complex deal.

Shareholders of Akroyd & Smithers, excluding Mercury which already has 29.9 per cent of the jobber, would have a 19.4 per cent stake in the new group, rising to 20.1 per cent on full conversion.

Partners of Rowe & Pitman would have a 2.6 per cent holding, but this would rise to 13.8 per cent on full conversion. Charter Consolidated's additional investment will give it 4.2 per cent rising to 4.7 per cent – but since it already owns 29.9 per cent of Rowe & Pitman, its effective stake on full conversion would be 8.9 per cent.

Mullens' partners will have a 0.5 per cent initial stake, rising to 2.8 per cent.

Shares in the new holding company are to be issued as follows:

Mercury: 43.57m ordinary shares of 25p to be issued on one-for-one basis for Mercury ordinary.

Akroyd: 11.5m ordinary shares and 20m 6 per cent convertible preference shares of £1 to be issued. For every 32 Akroyd ordinary, 23 ordinary and 40 preference shares in new company.

Rowe & Pitman: 1.56m ordinary shares, 27.5m convertible preference shares and 3.89m convertible deferred shares of 25p to be issued to Rowe & Pitman partners. On this basis, Charter will receive 467,188 ordinary and 15.46m convertible preference shares. Charter will also subscribe to 2.51m ordinary shares at 480p each and 5.87m convertible preference shares at 100p each.

Mullens: 319,667 ordinary shares, 3.58m convertible preference shares and 787,565 convertible deferred shares to be issued to Mullens partners.

The preference shares will be convertible into new ordinary shares between three and 15 years after the group commences trading, at 17.3611 ordinary for every 100 preference shares. The convertible deferred shares will be convertible on payment of 532.8p for one ordinary. But partners of Rowe & Pitman and Mullens will lose their conversion rights if they are no longer employed by the group in April 1989.

Mercury and Akroyd will continue to determine their dividend policies until the merger becomes effective.

France maintains independent stance on high-tech exports

Continued from Page 1

ernment opposing American high technology curbs.

Bonn is particularly concerned over Washington's export controls interfering with trade in equipment containing U.S. components, even though the products might not necessarily be destined for Warsaw Pact countries.

In France at least one small computer company is suffering as a result of a U.S. refusal to grant export authorisation for hardware needed for incorporation into equipment destined for the Soviet bloc.

The fear of U.S. controls – allied to traditional French desire generally to reduce dependence on foreign suppliers – can drive industry to seek "made in France" solutions.

Alcatel-Thomson has been exploring the possibility of ending its reliance on U.S.-made integrated circuits for its E10 electronic telephone exchange, replacing them with French-made chips – although they would probably be made under U.S. licence.

A similar overall desire to lower dependence on the U.S. lies behind France's keenness – with other European countries – to replace American-made electronic aircraft components with European products for the next generation of A-320 Airbuses.

The most spectacular case of American technology restrictions reinforcing French independent-mindedness has been in the nuclear field. Paris chafed during the 1950s under American reluctance to transfer materials and technology, particularly relating to uranium enrichment.

Long-standing differences between Paris and Washingtoo have centred on sales of American computers destined for the French nuclear weapons programme.

President de Gaulle's bid to foster a home-grown French computer industry – an aim which, unlike the nuclear energy build-up, has faced considerable setbacks since – was sparked off in 1963 after the U.S. refused to deliver a Control Data machine needed for developing France's "force de frappe."

In 1981 the incoming Socialist Government faced a delay of about a year in receiving export authorisation for delivery of a high-powered computer made by the U.S. company Cray, ordered for the military division of the CEA.

This gave impetus to the French Government's research programme, aimed at giving France eventual ability to produce its own super-computers, increasingly necessary in a range of advanced industrial and research applications.

According to the state-owned computer company *Bull*, which is in charge of a key part of the research effort, France's Isis super-computer to be produced in the next few years will have a similar potential to the new-generation ultra-high power Cray-2 model just being introduced in the U.S.

Since the 1981-82 disagreements over Cray no further significant export delays have been reported. Seven Cray-1 models are now installed in France, with two at the CEA and others at various public sector research and industrial organisations.

An eighth Cray-I is due to arrive soon at the Onera aerospace research institute, funded mainly by the Ministry of Defence. It will be run in co-operation with leading French aerospace companies for development of military and civil aircraft.

The Cray-1 is by now, however, a relatively outdated model. Onera has deliberately signed only a three-year leasing agreement to leave its options npeo to acquire more advanced equipment later on.

The U.S. National Aeronautics and Space Administration has already signed a contract to take delivery of a Cray-2 next year and another Franco-U.S. skirmisb over export controls could take place when Paris decides that it would like the new model as well.

THE LEX COLUMN

Blue blood and red roses

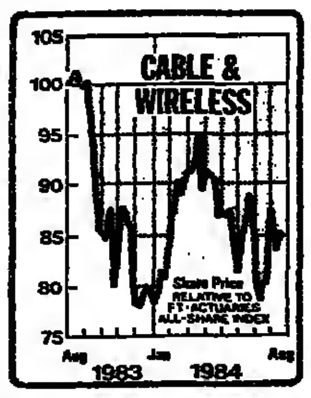
The City's laboratories have developed some highly unstable looking compounds over the past year, and none more so than the molecular structure which extended from S. G. Warburg to Charter Consolidated, via Rowe & Pitman and Akroyd & Smithers. So it was only to be expected that the parties concerned should wish either to strengthen or dissolve their ties before long and yesterday they opted for the former course, picking up the Government Broker while they were at it.

The multiple merger announcement is no less bold or interesting for being well anticipated. The four partners are aiming to create an investment banking vehicle quite unlike anything which has so far emerged in the City. The grouping will need to overcome aoy number of structural, cultural – and, dare one say it, ethical – hurdles before the new company reaches its objective, which seems to be a sort of old Etonian version of Goldman Sachs. But it is worth the gamble.

The difficulty of integrating four such diverse operations is only too obvious and will no doubt be exercising all the diplomatic skills of those concerned over the next two years. But, at the top level at least, all the parties to the deal share a common style, which tends rather against flamboyance.

But, by formalising their relationship now, the four companies have created a quite separate problem. If the stock exchange opts to preserve the restrictions on ownership for a while longer, as it very well might, the new grouping will find itself treading a tightrope between consultation and collaboration. The one area in which all parties would see clear-cut benefits from a merger is the market making and distribution of fixed-interset securities. But while the Bank of England may bave its plans on the table, the stock exchange has yet to permit the ownership structure which would make sense of the arrangement.

In the corporate finance area, the new partners could conceivably encounter the opposite problem. Rather than being held back, they may be anticipating a market *structure*, based on the Wall Street model, which will migrate only gradually to London. Warburg/Rowe & Pitman will certainly bave an edga over Cazenove when it comes to bought deals and the like but, in the meantime, some of their clients may prefer to deal through a separate broker and merchant bank.



Financially, Warburg emerges with the least conspicuous benefit since, whatever the result of merger accounting, Warburg shareholders will contribute almost all the net tangible assets and receive only just over half the fully diluted equity.

Mullens, meanwhile, must be as pleased as punch. An exit p/e of almost 10 at this stage in the game is veering on the side of charity. And the Bank of England must be mightily relieved to find a safe harbour for its official broker.

Cable & Wireless

The consortium shareholding structure of Mercury Communications was appropriate enough in the venture's early days but Mercury's present appetite for funds makes it rather a mouthful even for the risk capital departments of Barclays Bank and British Petroleum. Moreover, Cable & Wireless – as a telecommunications company – may very well have set itself strategic targets and timetables different from those of Mercury's nther shareholders.

By taking full control, C & W will be able to dictate the pace of Mercury's development and make available customer contacts in a way that would not have been possible through the former arm's length relationship. For all this, £30m (broadly the cost of BP's own investment) might seem a small price to pay and certainly the stock market was warm enough in its response yesterday, marking the C & W sbare price up 6p to 333p.

Yet C & W, in buying out BP, is making a very significant commitment to a business which demands skills, such as marketing, which its new parent cannot supply in abundance and which will make heavy calls on C & W cash flow for the foreseeable future. The leasing of assets and capitalisation of interest may restrict the impact on C & W's revenue account to about £20m over the next five years, but a projected capital spend of £200m is a lot of money in anyone's book.

The risk of failure may admittedly be diminished by the Government's plain commitment to Mercury and the investment may turn out to have been an inspired use of C & W cash five years from now. Even a small share of BT's overall market would justify the commitment but, as C & W is no doubt aware, the Davids do not always vanquish the Goliaths.

Unilever

There has been much nodding and winking from *Unilever for months* past that its assault on the U.S. consumer market is going to incur some heavy launch costs. The group has made no move on this front in its June quarter, so presumably the odds are fast shortening on some second half action for one or two of the new products now awaiting U.S. national distribution.

This makes it a little hazardous turning results for the first six months into any forecast for the year as a whole, but the underlying trends are encouraging.

Unilever has enjoyed its share of cyclical growth in Europe and North America and may have been surprised itself at the resilience of some of its smaller overseas markets.

The more important message of the 14 per cent jump in pre-tax profits to $255m for the second quarter, though, is surely that the group's own restructuring efforts are beginning to pay off.

This has been most conspicuous in the volume gains achieved in the European quick frozen foods market and in the operating profits of about £5m notched up by paper and packaging after three years of losses, but the more agressive management of the group is also generally evident in the improved results from most of the big overseas markets – and the highest quarterly group operating profit margin since 1981.

For U.S. investors meanwhile, prospective profits of £875m at Unilever pace those launch costs set it on a p/e multiple still a point or two behind those of its main U.S. rivals.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, F. Barlow, R.A.F. McClean, M.C. Gorman, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday August 15 1984

ØØ

WALL STREET

Renewing rise proves difficult

AN ATTEMPT by Wall Street stocks to renew their recent advance stalled at midsession yesterday despite an upturn in the bond market on the announcement of a fall of 0.9 per cent in retail sales in July, *writes Terry Byland in New York.*

One cause of the weakness in the stock market, which dipped sharply in the final hour, was a resurgence of rumours of financial problems among the thrift companies.

The yield gap between Treasury bonds and hank certificates of deposit widened as investors switched into federal paper for security.

The bond market slipped from its best levels at midsession after the Federal Reserve made two-day matched sales, when the federal funds rate stood at 11⅜ per cent. However, bonds moved ahead again later to close with gains of around ⅜ of a point.

The stock market remained depressed througbout the session, with an attempted rally suppressed by the nervousness over the thrift companies. At the close, the Dow Jones industrial average was a net 5.97 points down at 1,214.11. Turnover increased to 82.5m shares.

The Fed's action was read in some quarters as an indication that it bas raised its sights for federal funds to between 11⅛ and 11¾ per cent. Mr William Griggs, of Griggs and Santow, the economic forecasting specialist, commented that the Fed's move was hardly justified solely on the need to drain reserves.

However, some analysts believed that yesterday's matched sales were triggered by heavy borrowing from the Fed by Continental Illinois, whicb took $7.5bn on Monday – perhaps increasing credit flows more than the monetary authority expected. Treasury bill rates fell back after the announcement of matched sales, while bank certificate of deposit rates hegan to move up.

The Fed's intervention reversed gains of ⅜ in bond prices which had come on the fall in retail sales. Monthly retail sales figures are not wholly reliable, though. The disclosure of a substantial gain in consumer credit in June was, however, no surprise for the credit sector.

In the stock market, IBM hrightened at first on the announcement of a new personal computer model but turned back at $122½, regarded as a decisive level, and later traded at $121½, a net loss of $⅞.

The other computer stocks had a difficult session, with Digital Equipment off $1½ at $94¾ as investors sbowed renewed uncertainty over the trading outlook. Texas Instruments dipped $2⅞ to $139⅛, Burroughs $¾ to $56⅞.

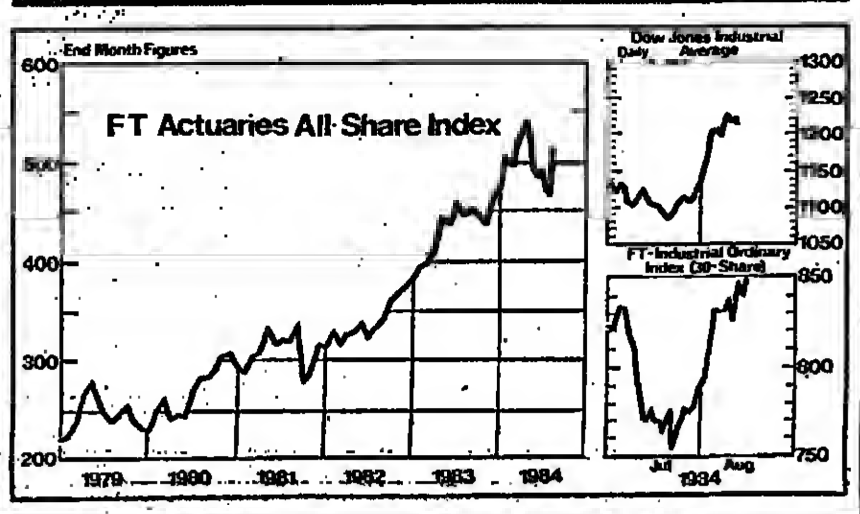
A week spot oo the finance side was Financial Corporation of America, the major thrift group, which dipped $¾ to $7⅝, respooding to a net outflow of deposits.

After a hlock of 1m shares was traded in the third market at $17, Whittaker, the hospital management group with substantial contracts at stake in Saudi Arabia, added to $18¼ on the New York Stock Exchange. The deal suggested that a prospective bidder might be building a stake.

Following the disclosure of Continental Illinois' beavy borrowing from the Fed, there were signs of a new move into federal paper in the credit markets. Three-mooth Treasury hill rates dipped 17 basis points to 10.29 per cent, while near-dated bank CDs commanded 11.45 per cent, 20 basis points up on overnight.

Bond prices remained at or near their overoight levels, after losing their early gains. The douht hanging over long-term yields was endorsed hy Dr Henry Kaufman of Salomon Bros who repeated his view that interest rates will move higher. The new key long bond traded at 100 5/32, a net gain of 15/32, to yield 12.48 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug. 14	Previous	Year ago
DJ Industrials	1,214.11	1,220.08	1,182.83
DJ Transport	517.93	521.26	539.82
DJ Utilities	128.28	128.28	127.94
S&P Composite	164.43	165.43	162.16
LONDON			
FT Ind Ord	849.8	840.5	732.8
FT-SE 100	1,091.8	1,084.1	993.2
FT-A All-share	512.23	510.3	463.74
FT-A 500	556.38	553.66	504.39
FT Gold mines	563.0	543.6	668.3
FT-A Long gilt	10.41	10.53	10.53
TOKYO			
Nikkei-Dow	10,360.92	10,389.62	8,920.82
Tokyo SE	800.84	803.57	659.75
AUSTRALIA			
All Ord.	727.8	734.0	661.7
Metals & Mins.	464.8	470.9	568.4
AUSTRIA			
Credit Aktien	53.57	53.22	55.36
BELGIUM			
Belgian SE	150.79	150.11	130.01
CANADA	Aug 14	Prev.	Yr ago
Toronto			
Metals & Minls	1,991.54	1,980.47	—
Composite	2,337.45	2,340.71	2,393.2
Montreal			
Portfolio	115.60	115.69	116.81
DENMARK			
Copenhagen SE	195.66	196.3	166.61
FRANCE			
CAC Gen	162.7	162.8	131.2
Ind. Tendance	105.2	105.3	83.3
WEST GERMANY			
FAZ-Aktien	339.65	338.66	316.31
Commerzbank	984.4	982.5	944.4
HONG KONG			
Hang Seng	904.81	926.39	1,037.46
ITALY			
Banca Comm.	213.18	213.27	197.32
NETHERLANDS			
ANP-CBS Gen	161.2	162.2	140.1
ANP-CBS Ind	129.4	129.7	112.5
NORWAY			
Oslo SE	262.14	263.75	203.15
SINGAPORE			
Straits Times	954.18	948.87	934.43
SOUTH AFRICA			
Golds	977.2	961.5	899.6
Industrials	889.9	872.1	924.1
SPAIN			
Madrid SE	135.26	136.5	118.07
SWEDEN			
J & P	1,517.08	1,530.51	1,517.24
SWITZERLAND			
Swiss Bank Ind	376.9	376.0	343.2
WORLD	Aug 13	Prev	Year ago
Capital Int'l	182.2	182.8	174.3

GOLD (per ounce)

	August 14	Prev
London	$354.75	$344.75
Frankfurt	$354.00	$343.25
Zürich	$353.375	$342.75
Paris (fixing)	$347.65	$343.27
Luxembourg (fixing)	$348.50	$342.75
New York (Aug.)	$355.00	$350.80

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Aug 14	U.S. DOLLAR Previous	STERLING Aug 14	STERLING Previous
$	-	-	1.3185	1.3055
DM	2.888	2.914	3.805	3.8075
Yen	241.08	244.05	319.75	318.5
FFr	8.86	8.9425	11.71	11.6625
SwFr	2.421	2.45	3.1925	3.2
Guilder	3.2485	3.285	4.2875	4.28
Lira	1774.5	1792.0	2341.5	2340.0
BFr	58.225	58.925	76.55	76.85
C$	1.30625	1.30625	1.721	1.7045

INTEREST RATES

	Aug 14	Prev
Euro-currencies (3-month offered rate)		
£	10 7/16	10 13/16
SwFr	4 15/16	4⅞
DM	5⅝	5¾
FFr	11⅛	11¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	11 15/16	11 15/16
6-month U.S.$	12 3/16	12 3/16
U.S. Fed Funds	11⅛*	11⅛
U.S. 3-month CDs	11.40*	11.50
U.S. 3-month T-bills	10.25*	10.44

U.S BONDS

Treasury		August 14* Price	August 14* Yield	Prev Price	Prev Yield
12⅜	1986	100 11/32	12.32	100 13/32	12.39
13¾	1991	104 27/32	12.71	104 15/32	12.75
13⅛	1994	99 19/32	13.90	99 13/32	13.21
13¼	2014	99 27/32	12.52	99 25/32	12.52

Corporate	Aug. 14* Price	Aug. 14* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	89¾	12.95	89¾	12.95
3⅞ July 1990	71.00	10.60	71.00	10.60
8¾ May 2000	71⅞	13.00	71⅞	13.00
Xerox				
10⅞ March 1993	87¼	13.15	87¼	13.15
Diamond Shamrock				
10⅜ May 1993	86¾	13.25	86¾	13.25
Federated Dept Stores				
10⅜ May 2013	90.342	13.30	90.342	13.30
Abbot Lab				
11.80 Feb 2013	89.00	13.30	89.00	13.30
Alcoa				
12¼ Dec 2012	89.00	13.60	89.00	13.80

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	65.19	65–29	65–05	65–14
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.82	89.88	89.62	89.62
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.57	88.63	88.45	88.51
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.43	88.49	88.33	88.30
20-year Notional Gilt £50,000 32nds of 100%				
Sept	107–03	107–04	106–02	105–18

COMMODITIES

(London)	August 14	Prev
Silver (spot fixing)	597.85p	580.20p
Copper (cash)	£1,015.50	£1,015.00
Coffee (Sept)	£2,321.00	£2,318.00
Oil (spot Arabian light)	$27.72	$27.70

LONDON

Rate hopes prompt resurgence

HOPES of lower interest rates in Britain and the U.S. boosted London equity and gilt markets yesterday, with the FT Industrial Ordinary index 9.1 up at 849.6, its highest level for almost three mooths.

The burst of activity stemmed from lower than expected U.S. retail sales delighting New York bond markets and in turn London gilts, which advanced hy up to 1½ points at the loog end and up to ⅜ in shorts.

Investors displayed renewed confidence over the prospect of a further ½ point cut in base lending rates before the end of the week while the Bank of England again gave sizeable belp to money markets via the purchase of hills for resale later this month and leaving official dealing rates unchanged.

Industrial shares were initially neglected, hut Hawker Siddeley finished 14p stronger at 443p, BTR put on 15p to 485p and Powell Duffryn 13p to 320p.

Elsewhere, oils were mixed, with BP ahead hy 13p to 483p and Saxoo Oil 25p cheaper at 345p. Bodding tons Breweries added 8p to 85p while Distillers gained 9p to 300p. NatWest Bank turned 7p lower to 483p ex-all.

Chief price changes, Page 20; Details, Page 21; Share information service, Pages 22–23

HONG KONG

SHARP LOSSES were sustained hy many issues in Hong Kong as the Hang Seog index fell hack near the 900 level, with a fresh 21.58 decline to 904.81.

Hang Seng Bank proved to be the exception with a 25-cent rise to HK$32.75 as other banks eased. Sun Hung Kai Properties was particularly weak, with a 25-cent setback to HK$5.70, while 30-cent declines were recorded for Cheung Kong at HK$7.80, Jardine Matheson at HK$7.65 and Hutchison Whampoa at HK$10.70.

AUSTRALIA

THE ABSENCE of positive overseas stimuli was translated into another setback in Sydney with the All Ordinaries index shedding 6.2 to 727.8. Falls outnumbered rises by three to two.

Bell Resources fell 30 cents to A$4.70 while BHP dropped 20 cents to A$10.60 and CSR retreated 7 cents to A$3.28.

Moving against the treod were ANZ, 3 cents up at A$4.85 in mixed banks, uranium miner Pancontinental, 2 cents ahead at A$1.22, and News Corporation in media stocks, 20 cents firmer at A$10.70.

SOUTH AFRICA

INDUSTRIAL and gold mining sbares in Johannesburg staged a rally after a sharp improvement in the bullion price.

Buffels added 50 cents to R75.50 while Libanon secured a R1 rise to R42. Mining financials and bolding companies firmed, with Gencor 50 cents stronger at R24.50. Responding to a 45 per cent profit advance, Impala Platinum gained R1.45 to R21.10.

Tobacco group Rembrandt led the rally in industrials with a R3.50 surge to R27 while sector leader Barlow Rand rose 50 cents to R12.

SINGAPORE

SELECTIVE buying moved most Singapore stocks higher, thus adding 5.31 to the Straits Times index at 954.18.

Features included Federal Cahles, the most active stock, with an 8-cenl gaio to S$3.44 and Pan Electric, recovering all of its 29-cent decline of the previous session to return to S$2.75.

Elsewhere, Genting rose 25 cents to S$5.60, Growth Industrial Holdings added 19 cents to S$2.82 and Straits Trading 15 cents to S$5.50.

CANADA

PROFIT-TAKING produced losses among select hlue chips in Toronto, hut oils and particularly golds held on to their early gains.

Weaker industrials in Montreal were offset by stronger banks and slightly firmer utilities.

TOKYO

Retreat as buyers are taken aback

A WAVE of gloom descended on Tokyo stocks yesterday as trading remained inactive and blue chips dropped on a wide front, *writes Shigeo Nishiwaki of Jiji Press.*

Market participants had expected overnight firmness on Wall Street to push up prices, but they were wrong. The Nikkei-Dow market average turned lower for the first time in four days, finishing 28.70 off at 10,360.92.

Losses outpaced gains 358 to 269, with 168 issues unchanged. Volume was still very low at 166.41m shares against the preceding day's 165.64m.

Leadiog securities houses had bought internationally known blue chips like Hitachi, Fuji Photo Film and NEC the previous day, which contributed then to the market indicator's slight advance. This was in anticipatioo of a rally on Wall Street on Monday and a subsequent purchase of Japanese stocks by non-residents. But yesterday, disappointed investors sold the blue chips immediately.

Fuji and TDK plunged Y60 each to Y1,730 and Y5,690 respectively, and Pioneer Y80 to Y2,670. Hitachi dropped Y4 to Y881, while NEC closed at Y1,260, down Y40.

Even Toyota Motor, which was reported to have remained the nation's top declared income earner in fiscal 1983 with Y490hn, lost Y30 to Y1,440. But Mazda gained Y27 to Y510, reflecting its stroag business performance. It was the third most actively traded issue for the day, with almost 7m shares changing bands.

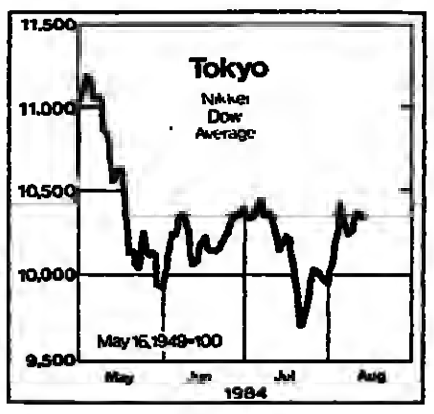
Topplng the list of active issues was Toyo Soda at 7.28m shares, as a result of reports that an experimeotal plant to manufacture artificial sweetener had been completed. However, it finished Y9 lower at Y376.

Kureha Chemical advanced Y30 to Y1,150, and Daiichi Seiyaku Y20 to Y1,360. Ajinomoto also firmed, closlng at Y1,230, up Y30.

Small-lot selling hit non-life insurances, which had been bought the previous day, with Tokio Marine and Fire losing Y9 to Y601, Taisho Marine and Fire Y5 to Y310 and Sumitomo Marine and Fire Y11 to Y424.

A leading hroker said most iovestors were becoming iocreasingly nervous and little improvemeot could he expected this week.

Trading was extremely thin on the bond market. The yield on the benchmark 7.5 per cent government bonds due in January 1993 edged down from 7.265 per ceot to 7.26 per ceot on scant buying.



EUROPE

Buying from abroad aids a firm finish

A FIRMER tone emerged oo the European bourses yesterday, helped by a lower dollar as well as healthy corporate earnings reports here and there. An influx of foreign buying was detected late in the day, particularly for West German and Dutch shares.

This demand from ahroad – identified as coming both from American and Europeao investors – developed too far into the session to have much impact on the calculations midway of the respective bourse indices: the Commerzhank marker edged just 1.9 up at 984.4, and the ANP-CBS general indicator dipped a polnt to 161.2.

Amsterdam was huoyed by the profits progress at Unilever, which put on Fl 1.50 to Fl 267.50. Akzo, which had initially encountered further profit-taking after Monday's earnings report, firmed 60 cents to Fl 91.60.

But the day's star was Hoogovens, and the market did not even have the benefit, until after the close, of confirmation that the steelmaker's swing back to the black was as solid as analysts had been expecting. It jumped Fl 2.30 to Fl 53.

Banks were neglected, with Ned Mid a guilder off at Fl 133.50, and airline KLM slipped Fl 4 to Fl 160.

Domestic bonds were thinly traded but steady.

Attention in Frankfurt centred on Nixdorf Computer, DM 10 stronger at DM 503 after trading as high as DM 513, and on insurer Allianz which gained DM 18 to DM 781.

The engineering sector also did well, with a DM 9 rise for Linde leading the way at DM 354. Car makers were quieter, although Porsche added DM 6.50 to DM 980, and Horten remained weak among mixed retailers: its DM 2 dip to DM 168 made a two-day fall of DM 13.

A stronger bond market enabled the Bundesbank to offload DM 51.6m in paper as prices rose an average 15 basis points.

Base rate cuts failed to inspire Paris ahead of the Assumption holiday which will close it and many other bourses today. Although a contraction in second quarter gross domestic product was a negative factor, operators were generally merely reluctant to take up positions.

Among the good spots in a narrowly mixed outcome was Peugeot, recovering FFr 4.50 of Monday's FFr 5.60 fall at FFr 195.

Milan, also shut today, traded more actively but also ended mixed. Demaod was hest for Fiat, L60 ahead at L4,450, and Pirelli SpA, up L136 to L1,860 for respective two-day rises of L121 and L155.

Olivetti slipped L65 to L5,945 amid its U.S. distribution losses. Bonds firmed selectively.

Foreign demand in Zurich favoured Ciba-Geigy, SwFr 30 higher at SwFr 2,425, while improved freight traffic boosted Swissair SwFr 8 to SwFr 973. Banks firmed, hut insurers were weak, while the bond market held steady.

Brussels was encouraged hy cuts in short-term interesl rates, and volume leader Société Générale de Belgique rose BFr 20 to BFr 1,850.

Asea responded in Stockholm to Monday's earnings advance, adding SKr 5 to SKr 360, while foreign buying pushed Astra SKr 15 higher to SKr 440.

Utilities led Madrid lower.

Mixed results for U.S. retail store groups

BY DAVID BLACKWELL IN NEW YORK

J. C. PENNEY, the second largest retailer in the U.S., saw second-quarter earnings fail from $55m or 74 cents a share to $49m or 66 cents a share. This took first-half earnings to $118m or $1.58 a share, compared with $113m or $1.52 last time.

Sales for the quarter were ahead $2.8bn, against $2.36bn last time. For the half, sales improved strongly from $4.48bn to $6.26bn.

Mr William R. Howell, chairman, said that while the second quarter traditionally produced a small percentage of annual earnings, "it has been a significant quarter for us this year in terms of the progress we have made in reducing our inventory position in seasonal merchandise."

He said the group's performance in the last half of the year was expected to "produce record results for 1984 as a whole."

Allied Stores, the department store group, reported a flat second quarter. With earnings of $16.7m or 80 cents a share, compared with $16.1m or 77 cents last time.

For the half, earnings were $31.4m or $1.50 a share, against $29.2m or $1.40.

Sales for the quarter rose from $799m to $873m, and for the half from $1.6m to $1.7m.

Mr Thomas M. Macioce, president and chief executive, said the latest results were being compared with "very strong sales and earnings in the 1983 period."

Winn-Dixie Stores, the nation's sixth largest food retailer, lifted fourth-quarter profits from $26.6m to $31.9m or from 64 cents to 76 cents a share on sales up from $1.62bn to $1.72bn.

First-half earnings totalled $115.9m or $2.83 a share against $113.5m or $2.72, with sales rising from $7.02bn to $7.3bn.

In contrast, Lucky Stores, the California retailer which derives more than half its profit from supermarket operations, saw second-quarter earnings slip from $21.4m to $20.9m, or from 42 cents to 41 cents a share.

This brought half-year earnings to $42.3m or 82 cents a share compared with $48.4m or 94 cents a share last time. Six-month sales amounted to $4.42bn against $4.03bn with the second quarter providing $2.23bn against $2.03bn.

Dayton-Hudson reported record sales and earnings for both the second quarter and the first half, for the quarter earnings reached $39.1m or 37 cents a share, against $36.1m or 41 cents a share on revenues up from $1.5bn to $1.8bn.

Quaker up on strong sales boost

By Our New York Staff

QUAKER OATS, the major U.S. breakfast cereal producer, boosted fourth quarter net income from $41.1m or $2.02 a share to $49m or $2.38 a share. Sales increased strongly from $682.1m to $924.2m

Net income for tha year rose to $138.7m or $8.71 a share, compared with net income from continuing operations of $119.3m or $5.83 a share in 1983, when a $62.5m loss from discontinued operations made a final net $56.8m or $2.66 a share. Sales for the year increased from $2.61bn to $3.34bn.

The company attributed the increase to an outstanding performance in U.S. grocery products, including the Stokely-Van Camp business acquired in the first quarter, and e significant improvement in operating income at its Fisher-Price toy division.

GECO, the Norwegian seismic survey company, is to establish a well logging subsidiary, Geco Well Services.

Capital for the new company will be raised through a NKr 40m ($3.76m) share issue restricted to Geco shareholders. These are Det Norske Veritas and Kongsberg Vapenfabrik, with 38 per cent each, and 67 others, including Geco employees, the Wilh. Wilhelmsen shipping group and Vesta, a leading Norwegian insurance concern. Vesta and WW are underwriting the issue.

DE DANSKE Sukkerfabrikker, the Danish sugar refiner, proposed a one for ten bonus issue and will increase dividend payments from DKr 65m ($6.1m) to DKr 80m following an increase in group earnings before tax and extraordinary items from DKr 451m to DKr 498m in the year ending April 30.

Net profits increased from DKr 269m to DKr 310m. Parent company pre-tax profits were up from DKr 380m to DKr 381m.

NORCEM, the Norwegian cement and building materials group has announced a reorganisation of its subsidiaries involved in the offshore sector. These will be grouped under a new, wholly-owned offshoot, Norcem Offshore Group, to be based in Stavangar.

John Elliott on Pakistan's switch to Islamic banking

Bankers ponder impact of interest-free system

DESPITE SOME trepidation in London and New York, the 17 foreign banks operating in Pakistan are co-operating with the Pakistan Government on the establishment of interest-free Islamic banking as from next year.

Pakistan's five nationalised banks and a few other public sector institutions have made limited moves towards Islamisation in the past three years.

However, the country's banking community was taken by surprise when Mr Ghulam Ishaq Khan, the Finance Minister, announced in his budget in June a programme for eliminating *riba* — the Arabic word for interest — from the internal banking system. This is to be achieved in three main stages by July next year, starting with corporate accounts on January 1.

Pakistan's international business will not be affected. The country will continue to pay interest to creditors like the World Bank, and foreign companies with offshoots in Pakistan will be able to continue to receive interest on loans.

The foreign banks—of which Grindlays and the Bank of Credit and Commerce International are the biggest—run a retail banking service, as well as dealing in foreign trade. Trade financing will undergo procedural changes in that the banks will be assumed to temporarily own the imports and exports they handle, with implicit responsibility for delivery and quality of the goods.

The policy is based on the Koran's banning of usury, which is being strictly interpreted as meaning interest rather than the more limited interpretation of unfairly exorbitant interest. There are also Islamic teachings about partnership, ethics and fair dealing which, in practice, are likely to mean the banks in Pakistan needing to become more involved in their customers' affairs while also having to rely more on customers' honesty.

"A much higher standard of ethics and business morality will be required because Islam assumes you are entirely trustworthy. 'Your word is your bond,'" said one senior Finance Ministry official.

Mr Ghulam Ishaq Khan: took bankers by surprise

Outline proposals — called permissible modes of financing — have been announced by the State Bank of Pakistan. It is not yet clear how much they will change transactions in practice, but broadly they envisage traditional borrowing and interest being replaced by various financing activities:

- Musharika—which means a partnership, for sharing profits and losses on productive investment.
- Mudarba—a form of unit trust floated by a company as an entrepreneur to provide venture capital, with profits and losses being shared.
- Participation term certificates to replace debenture issues, involving a fixed rate of repayment.
- A mark up on the value of imports and exports handled by banks, and on other goods such as stocks covered by short-term bank lending, with banks temporarily becoming the owners of the goods.
- Hire purchase and leasing for capital equipment, with repayments spread over the lifetime of the equipment.
- Buy-back arrangements for commercial property with repayments geared to estimates of production in the property, but not to the business's operating profits and losses.
- Rental payments for houses with repayments based on the rental value, geared to the proportion of the house price that has been borrowed.
- Qars-E-Hasana, or loans given without expectation of return, for personal end compassionate financing on which there will be no interest payments or other charges.

Pakistan's bankers believe the new system to be a far more wide-ranging Islamisation than has been tried in other Moslem countries. But banks still hope to be able to charge commercial levels of interest under the new system, once they have suffered a period of considerable chaos as they change over their organisational and accounting procedures.

The banks believe that the risks of lending will probably be greater but that they may be able to make higher profits as they will sometimes be able to charge more than conventional commercial rates. They are still working out how to marry their international business on an interest basis with the new system.

Banks will have to attract funds from depositors in competition with each other, according to how they share out their profits. This reverses the present position on conventional accounts where all pay uniform rates fixed by the State Bank.

Different rates of profit distribution have already emerged among the five nationalised banks. These have accumulated over three years Rs 22.7bn ($1.6bn) in profit and loss deposits, amounting to about 22 per cent of total deposits as of July.

Hooker boosted by boom in housing

By Lachlan Drummond in Sydney

IMPROVED housing markets in Australia and the U.S. saw Hooker Corporation double net earnings to A$20.1m (US$17m) in the year to June 30, on turnover 28 per cent higher at A$465m.

The biggest single gain came from Rand Development, the residential division, where Australian land sales were up by 1,000 lots to 3,362, and in house building, where total sales improved from 1,777 homes to 2,378. U.S. operations increased sales by 59 per cent to 1,000 homes.

The gains here offset lower returns from construction projects and from non-real-estate-related interests. The upsurge in he U.S. saw posits from his source up from A$3m to A$6.6m

The total dividend is ahead from 7.5 cents to 9 cents, with a final of five cents compared with 3.75 cents. Per share profits were up from 7.8 cents to 15.65 cents.

Listing sought for Malaysian General

By Wong Sulong in Kuala Lumpur

THE PAHANG state government is seeking a public listing for one of its investment companies, Malaysian General Investment Corporation (MGIC), with an offer of 10m shares.

In doing so, Pahang joins other Malaysian state governments, Selangor, Perak, Negri Sembilan and Johore, which are in control of publicly quoted Timah Langat, Gopeng Berhad, Taiping Consolidated and Kulim respectively.

The 10m shares offered will be sold at par value of one ringgit each, and will increase MGIC's paid-up to 40m ringgit (US$17m). After the public issue, the Pahang government stake in MGIC will be reduced to 72 per cent.

Joint venture to take over SCA Services

By Our New York Staff

SCA SERVICES, the third largest U.S. waste disposal company, is to be acquired by a newly formed corporation jointly owned by Waste Management, the largest U.S. waste disposal company, and Genstar, the Canadian real estate, construction and financial services group.

The agreed deal, based on the SCA Services shares outstanding on June 30, is worth $423.23m.

The new corporation, to be called WMAC, is to make a tender offer for all the outstanding SCA common stock of $28.50 per share in cash. The offer is conditional on the tender of a majority of SCA shares and approval under the appropriate anti-trust laws.

SCA has granted WMAC an option to buy 16.5 per cent of its common stock at $28.50 per share, 100,000 unissued series A preferred shares and certain assets for $120m.

Waste Management is to bear 60 per cent of the cost of the deal, and Genstar 40 per cent.

Stable oil markets aid Dresser turnround

BY OUR NEW YORK STAFF

DRESSER INDUSTRIES, the U.S. oil services group, recovered strongly in the third quarter from net profits of $3m or 4 cents a share to profits of $26.8m or 35 cents a share.

This took profits at the nine-month stage to $59m or 75 cents a share, compared with a loss of $14.5m or 18 cents a share for the corresponding period last year.

Revennes for the quarter improved from $880.8m to $944.1m, and for the half from $2.58bn to $2.64bn.

Mr John J. Murphy, chairman and president, said the improved performance reflected the continuing benefits of productivity gains, coupled with a "degree of stabilisation in the markets for oil and gas related equipment and services."

In contrast McDermott International, a leading U.S. energy services company, reported a setback in its opening quarter. Profits fell from $44.3m or $1.20 a share to $22.9m or 58 cents a share on revenues down from $783.6m to $707.3m.

Trilogy suffers further losses

BY PAUL TAYLOR IN NEW YORK

TRILOGY, the West Coast computer group founded by Mr Gene Amdahl, announced a $50.29m or $1.57 a share net loss in the company's second quarter ending June 24.

The loss, which compares with a $3.25m or 20 cents a share loss in the corresponding period last year, mainly reflects a $43m charge following its recent decision to abandon plans to build a new super-computer

The latest deficit brought Trilogy's loss for the first half to $73.7m or $1.98 a share compared with a loss of $5.12m or 32 cents a share in the same period last year.

INTL. COMPANIES & FINANCE

Hoogovens in the black for first half of 1984

BY WALTER ELLIS IN AMSTERDAM

HOOGOVENS, the big Dulch steel producer, has confirmed its strong recovery with earnings for the first six months of this year of Fl 102m ($31m), compared with a Jannary-June loss in 1983 of Fl 62m. Sales rose by 29 per cent in value to Fl 3.7bn and operating profit by 120 per cent to Fl 307m.

Production of crude steel went np 33 per cent to 2.7m tonnes, while production of pig iron reached nearly 2.4m tonnes, an increase of 36 per cent.

Hoogovens' board of mangement said yesterday that if the present economie upturn continues, it expected earnings for tha second half to be similar to those for the opening six months, giving a 1984 nel profit in excess of Fl 200m. The group had incurred losses for five years up until the end of last year and had also gone through the trauma of ending its 10-year-old merger with Hoesch of West Germany.

The transformation since then, cenlring on state-aided restrueturing and diversification, has been carried out under the chairmanship of Mr Jan Hooglandt, whose single-minded ambition has been to slim down the enterprise and capitalise on its twin advantages of location and up-to-date plant. Some old plant has already been abandoned, and new facilities are planned, while employment is down to 27,800 from 29,200

The management observed that the sharp improvement in the operating result reflected the cyclical upturn which had clearly occured in nearly all activities this yeor. There had also heen benefits from eost-cutting programmes.

In the key sleel sector, there was a higher utilisation of facilities, caosing o 33 per cent increase in crude steel production compared with the same period of 1983.

Kloster buys Royal Viking Line

BY FAY GJESTER IN OSLO

KLOSTER, operators of tha Norwegian Caribbean Lines, have bought another Norwegian cruise shipping company, Royal Viking Line.

The takeover is one of lbe biggest ever seen in Norwegian shipping circles, and the cruise company, ereated with a fleetof eight vessels worth NKr 5.7bn ($683m), and a payroll of 4,000, will be one of the largest in the world.

Royal Viking's former owners, the Bergen Steamship Company and Nordenfjeldske, will emerge with a 7½ per eent stake eaeh in the new company, while the Kloster gronp will shoulder the dehts of the line's three ships, reported to be around $150m.

Mr Knut Utstein Kloster, board ehairman of the Kloster group, said yesterday that his group would have to borrow obout $50m to finance the purehase.

Recovery at AMI gathers pace

BY LACHLAN DRUMMONO IN SYDNEY

RECOVERY BY Australian Motor Industries, which is half owned by Toyota of Japan, has gathered pace with second half net profits amounting to A$7.5m (U.S.$6.4m) against a loss of A$3.4m previously.

The gain—on the hack of increased share for its Toyota vehiele in an lmproving market—brings a nel profil of A$9.6m for the full year ended June 30, against a A$10.2m loss previously.

As a result of the sharp turnround, the direetors have lifted the total dividend for the year from 3 cents to 5.5 cents a share with a final payment of 3.5 cents.

Total sales of vehieles and components advanced hy 56 per cent from A$360m to A$561m. The company gave no volume sales breakdown although based on industry sales figures ahead by around 10,000 vehieles, to 606,000 for the 12 months to June and an lmproved share for Toyota from around 17 to 20 per cent, volume would have gone up around 20 per cent to 120,000 vehieles.

Much of Toyota's growth to the number two position, in Australia behind Ford, has come from sales of its imported light commercial vehicles, although a new locally produced model is said to bave belped.

Orphan Mercury seeks a home

BY GUY DE JONQUIERES IN LONDON

FOR AN infant which has yet to celebrate its third birthday to lose two parents in a matter of months would normally be a tragedy. In the case of Mercury Communications, the privately-owned network competitor to British Telecom, however, the experience may mean a more stable home in the future.

Cable & Wireless, one of Mercury's three founders, yesterday announced agreement in principle to turn the venture into a wholly-owned subsidiary by acquiring the 50 per cent stake held by British Petroleum. This follows the withdrawal last May of Barclays Merchant Bank, the third original Mercury shareholder.

Cable & Wireless hopes that by taking direct control of Mercury, it will be able to give much firmer direction to the project, which has been buffetted by a variety of setbacks and uncertainties since it was conceived in 1981.

Clearly, Cable & Wireless now has an even bigger incentive to make Mercury perform. But it is by no means the only interested party. Mercury will be British Telecom's only network competitor until 1990, and the British Government is counting heavily on the venture to help make its liberalised telecommunications policy a success.

Mercury's initial ownership arrangements, split between three companies from wholly different backgrounds, always looked somewhat unorthodox. As the project has developed, divergences between shareholders over its scope and objectives have widened.

Mercury has encountered other obstacles, too, including hostile industrial action by BT engineers, lengthy licence negotiations with the Government, and tough bargaining over the conditions on which it may connect with BT's network. These problems have, however, been largely resolved.

Its most recent battle has been with the Government, which wanted mercury to commit itself to building a nationwide network, extending to poor and remote regions, within a specified time period. Mercury successfully resisted the proposal, arguing that it was uneconomic. Instead, its draft licence requires it only to provide service to 15 major cities by the end of 1986.

Mercury is believed to have obout two dozen customers but has so far declined to name them. At present, its only serviees are specialised digital circuits carried by microwave radio in London. It expects to start services between London and Birmingham before the end of this year.

Later this month, Mercury will launch its first international service, Americall. This is a low-cost telephone service, initially between Londoo and New York, operated jointly with Western Union, the U.S. communications group.

Most analysts believe that Mercury's best chance of generating sizeable revenues in the near-term lies in capturing some of BT's hugely profitable international traffic. Its prospects should be improved by its closer relationship with Cable & Wireless, which has extensive international interests.

Mr Joe Crouch, Cable & Wireless' technology director, believes that by working closely together, the two companies can offer a single, integrated service to customers.

Mercury will, however, still have to convince the large business telecommunications users it hopes to win that it has something special to offer. The scope for competing just on price and modern technology has been narrowed in the past two years, as BT has cut its tariffs and introduced a variety of sophisticated new business services.

Datatronic wins U.S. computer group

By David Brown in Stockholm

DATATRONIC, the Swedish compnler and software company, is to take over the lronbled U.S. compuler group Victor Technologies.

Datatronic will take a 90 per cent stake at a cost of $10m in cash and $15m in long-term loans following a planoed reconstruction of lhe Victor group.

Datatronics will raise SKr 250m ($30m) in a Swedish private placement to finance the deal, and will seek a listing on the Stoekholm bourse "within a year," said Mr Mots Gahrielsson, the managing director.

Under the plan—which has nol yet been approved by lhe U.S. bankruptey court where Victor filed for reorganisation last February—the creditors have agreed to wirte off 70 per cent of Victor's $98m in ontstanding debt, Mr Gabrielsson said.

The deal will make Datatronics one of only two companies in the world producing both compuler hardware and application software after Apple Computer of the U.S.

Victor's lorgest-selling product is the Victor 9000 desktop compnter (Sirius 9000 in the UK), which is said lo be nnmber two on the European market after IBM. Datatronle markets a line of computer software worldwide as well as the Commodore computer line inside Sweden.

The deal will treble Datatronic's annual turnover to $140m this year and an estimated $200m ln 1985, and may place a great strain on the company's management resources.

Victor, wbleh is listed on the OTC exehange in the U.S., lost some $47m at the nine-month stage last year following a period of rapid expansion whlch inclnded the acquisition of a large U.S. marketing organisalion.

Sales are expected to halve to $100m ln 1984.

Docutel-Olivetti slides deeper into the red

By Alan Friedman in Milan

DOCUTEL-OLIVETTI, the U.S. distribnlion company for Italy's leading office equipmenl maker, has plunged deeper lnto the red in the first half of 1984. The company disclosed a loss in the first half of last year.

Cocutel's problems are continuing and the group is likely to remain in the red until next year. Turnover feU by 27 per cenl during the latest half-year lo $80.03m.

The Texas-based company last year registered total losses of $18.3m, of which abonl $17.5m occurred in the fourth qnarter.

Mr John Douglas., the president of Docutel, resigned recently "to pnrsue other inlerests." Olivetti own 46.2 per cent of the loss-making distribntor.

Sales in the second qnarler of this year were down by 25 per cent, at !43m, while the second quarter loss was $9.0m, compared with a $190,000 deficit in the second quarter of 1983.

Record loss for Philippine Airlines

By Emilia Tagaza in Manila

PHILIPPINE AIRLINES (PAL) recorded the highest loss in its corporate history last year—a net deficit of 2.3bn pesos (U.S.$128m). Mr Roman Cruz, the PAL president, told shareholders yesterday that the staggering loss was due mainly lo foreign exchange losses incurred from the two devaluations last year, and the increase interest eharges.

In a move to play down the 1983 loss, PAL has issued a statement thal the airline carned a net income of 618m pesos as weU as made eapital gains during the first half of 1984.

At yesterday's shareholders meeting, Mr Cruz said that lhe first half of 1983 had looked bright for PAL, with operating profits reacbing 209m pesos. However, the political and economic npheavals starting from Angust completely wiped oul the gains.

Total operating profit in 1983 dropped sharply lo 97.9m pesos from 196.6m pesos—which was exceeded by much higher non-operaling eosts,

Last year's turmoil caused a preeipitous decline in inhound tourist, and husiness lraffic during lhe latter half of last year. "The company found ilself defenceless and helpless," Mr Cruz said.

For 1984, PAL expeels a net profit of 312m pesos, on lhe assumplion that foreign exchange losses from the devaluation in June this year will nol all be recorded ln 1948.

UK COMPANY NEWS

Unilever volume rises 16% in North America

Unilever, one of Europe's largest companies, achieved a 14 per cent advance in second quarter taxable profits from £224m to £255m with operations on both sides of the Atlantic showing strong increases.

The result gives this Anglo-Dutch foods, detergents, and toiletries group, a profit of £441m for the first half of 1984, a rise of 16 per cent on the comparable £381m.

Sales value in the second quarter was 14 per cent higher than in the corresponding three month period and operating profits rose by 17 per cent to £288m against £220m.

Turnover for the second three months amounted to £3.79bn (£3.32bn), and £7.33bn (£6.51bn) for the half year.

The directors explain that a fall in interest receivable from £56m to £41m over the six months was a result of unfavourable exchange differences, and higher borrowing caused a £4m rise to £76m in interest payable.

The taxable result for the six months included a £24m (£22m) contribution from associates and £4m (£8m) income from other fixed investments.

European operations, which account for about 60 per cent of group turnover, were well up on 1983 with most product groups contributing to the improvement.

Packaging and frozen products made an "especially good" improvement, and frozen products results were achieved in spite of inclement weather in Europe, and compare favourably with 1983 which bore heavy UK restructuring costs.

However, the reduction in European Community support for dairy farming heavily influenced Unilever's animal feed companies' lower volume and results.

In North America volume rose by 16 per cent and operating profits were considerably higher. All of Unilever's major North American companies contributed to the rise, with Lipton having a good quarter.

Lever Brothers continued to improve market position and benefited from higher margarine sales from the recently acquired Shedd Food Products division.

Despite continuing difficult trading conditions in Nigeria, UAC International's results were somewhat better compared with the depressed level of 1983.

Other businesses outside Europe and North America continued their good performance.

Tax for the six months came to £205m (£174m). After a tax adjustment of £1m for previous years, outside interests and preference dividends of £16m (£17m) and a £5m translation difference, attributable profits emerged ahead at £224m (£190m).

The attributable profit was made up as to Unilever PLC £97m (£87m) and Unilever NV £127m (£103m).

Combined group earnings per share are shown at 35.8p (30.96p) for the second quarter and 60.3p (51.15p) for the six months.

See Lex

QUARTERLY PERFORMANCE

	First quarter 1984	First quarter 1983	Second quarter 1984	Second quarter 1983
	£m	£m	£m	£m
Turnover	3,458	3,187	3,786	3,324
Operating profit	190	150	258	220
Pre-tax	186	157	255	224
Attributable	91	75	133	115

Mr Ken Durham, chairman of Unilever, which yesterday announced a 16 per cent rise to £441m in first-half profits.

Smith & Nephew growth rate maintained

THE RATE of progress reported for the first quarter of 1983 by Smith & Nephew has been maintained at the interim stage with the announcement of a 27 per cent rise in taxable profit for the 24 weeks ended June 16 1984.

The midway result was a surplus of £24.14m, up from a comparable £19.02m. It was achieved on sales up by 11 per cent from £151.58m to £167.98m. The group is a manufacturer of surgical, medical and sanitary products, textiles and clothing toiletries and plastics.

The directors have declared an interim dividend of 1.4p net per 10p ordinary share, an effective increase of 20 per cent. The total last year, after allowing for a one-for-five scrip issue, was 3.75p.

Sales, which exclude inter-company sales and those of related companies, generated operating profits up from £18.53m to £22.68m. After a £1.48m charge (£1.96m) for the net cost of borrowings, attributable profits from related companies added £2.96m, against £2.44m.

The tax charge rose by £1.91m to £8.43m, and after minorities accounted for a further £10,000 (£16,000), attributable profits emerged at £15.7m, up from £12.47m. Earnings per share for the 24 weeks are stated at 4.97p (3.98p).

For the full year to end December 1983, the group reached record taxable profits of £44.59m, up by some £10m over the year, on turnover of £313.99m (£272.5m).

● **comment**

Second quarter figures from Smith & Nephew were bang in line with market expectations. The only disappointing performance came from the personal hygiene division, though it did stage some recovery over the first quarter, in a very competitive market. Medical products continne to be buoyant while the toiletries had a particularly good quarter with the Nivee sun tan preparations gathering momentum in the market, number two to brand leader Ambre Solaire. Exports from the UK which were very strong in the first quarter were not so high with some seasonal downturn in the Middle East. Overall margins have continued to improve and the company expects to make further gains in the second half. There is plenty of cash for ecquisitions and the company is looking for suitable opportunities. It may take such an announcement to get the share price moving again. It slipped 2p to 196p yesterday. Analysts exepect pre-tax profits of around £55.5m for the year, which on a 34 per cent tax rate gives a p/e of 13.9.

Matthew Clark says solid progress will follow £4.3m record

ANNOUNCING a 21 per cent increase in pre-tax profit to a record £4.28m for the year to April 30 1984, Mr F. Gordon Clark, the chairman of Matthew Clark and Sons (Holdings), says he believes that the current year will be another one of solid progress.

The result compares with a £3.52m surplus last time from this wine and spirit merchant which also has insurance broking and haulage interests.

The chairman explains that this further growth "has been entirely due to the organic development of all parts of our business, and reflects the leading market position which the group has established."

Shareholders are to receive a 1p increase in the final dividend to 8p per ordinary share net. With an identical increase in the interim, the total for the year is lifted from 10p to 12p.

After £33.21m (£30m) in customs and excise duty, turnover rose from £42.38m to £46.74m, and the improved pre-tax result was after higher operating costs of £42.46m (£38.77m).

The tax bill was up by £290,000 to £1.94m. Minorities accounted for £861,000 (£734,000) and the attributable profit was £1.58m (£1.06m) after an extraordinary credit of £130,000 (nil).

Total dividend payments took £525,000 (£438,000), enabling the company to retain substantially more at £1.06m against £619,000.

Earnings per share are given as 33.5p (24.3p).

Among the group's subsidiaries, J. E. Mather & Sons has benefited from increased gallonage, leading to lower unit costs, with Old England British sherry and Chambard light British wine continuing to gain ground in the British wine market.

Malcolm Cowen has achieved record profits for the 22nd year in succession and John Ansell & Partners has increased its income by 19 per cent and has contributed significantly to the cost effectiveness of the group's insurances.

Crokerton Haulage has continued to find the distribution industry intensely competitive but is now structured to operate efficiently in such conditions. Its losses have been reduced substantially and further improvement is expected in the current year.

● **comment**

Matthew Clark's pre-tax profits rose by 37 per cent, adjusting for the previous year's exceptional credit, while the final four months' result more than doubled to £997,000—a performance which owes much to gains in market share by Old England British Sherry as well as by the lower volume brands. Old England's popularity has improved, but it has also benefited from John Holt's withdrawal from the British wine market. Martell, meanwhile, has marginally improved its 42 per cent share of a firm Cognac market. Gross margins have widened by one point to 8.3 per cent thanks to lower raw material costs at Mather and the Finsbury Distillery and improved cash management permitted by the deferment of duty introduced in the 1983 budget. It looks as if Crokerton has saved itself from an untimely disposal by the skin of its teeth with a loss reduced from £190,000 to £15,000. It has traded profitably so far in the current year, but the group is not committing itself on how long Crokerton is expected to stay in the black. Profit-taking sent the shares down 3p to 377p, where the p/e is 11 and the yield is 4.6 per cent.

Acquisitions boost Peel to £1m—dividend lifted

INCLUDING eight months' revenue from companies acquired last year, property investor Peel Holdings increased pre-tax profits from £373,331 to £1.12m for the year to the end of March 1984. A final of 5p raises the total dividend from 5p to 7.5p after net earnings per share were shown as 18.74p against 12.72p.

Net assets per share at the year-end were shown as 310p (206p).

Profits are ahead of the £1.05m forecast at the time of the share placing in August last year.

Turnover expanded from £839,122 to £2.52m. Mr J. Whittaker, chairman, says that over the past 12 months the company has expanded rapidly, carrying out a programme of retail development.

He says that the company intends to concentrate on the buoyant retail sector of the property market where good initial returns on capital employed are being achieved. Maoy retail development schemes are under consideration.

Favourable trading conditions and improved financial returns are being enjoyed by multiple retailers which has encouraged them to expand, creating strong competition for available units, says Mr Whittaker. Retail rents are growing steadily and related property values are increasing. Mr Whittaker believes this growth is likely to continue.

The industrial property portfolio is almost fully let and contributes an annual net rental income of more than £1m.

Since its acquisition, Stately Developments, residential development subsidiary, has greatly increased its building programme.

There was a tax credit of £71,380 (debit £40,560), and extraordinary credits of £102,821 this time. Attributable profit emerged up from £318,221 to £1.29m, from which dividends will absorb £198,747 (£27,523).

Midway fall for Albright & Wilson

A decline in the UK contribution at Albright & Wilson overshadowed better results from the overseas businesses and left the pre-tax figure for the first six months of 1984 down from £14.83m to £13.87m.

Sales of this chemicals and allied products manufacturer—wholly owned since 1978 by Tenneco International Holdings of the U.S.—rose to £285.15m, compared with £272.42m.

After adjusting for the effect of businesses sold in 1983, sales in the first six months of the current year were 11 per cent higher, the directors explain, but trading profits were slightly lower.

Tax charge at midway, however, was down from £2.6m to £1.87m and after minority interests of £472,000 (£863,000) and decreased extraordinary debits of £1.04m, compared with £2.59m, the attributable profit came through ahead at £10.49m, against £8.77m.

Lower cost of house buying benefits Bairstow Eves

Bairstow Eves, estate agents, sold over 7,900 homes, arranged 4,000 mortgages for prospective purchaser and pushed profits up by 51 per cent over the first six months of 1984.

The company says that the cut in lending interest rates in April coupled with the reduction in stamp duty rates acted as a stimulant to the housing market.

During the period under review an increase in house prices was seen at an annual rate of 12 to 15 per cent. Bairstow's turnover amounted to £6.49m, against £3.9m, and profits at the taxable level totalled £1.24m compared with £817,000.

The interim dividend is being held at 0.805p per share but the directors are proposing a one-for-four scrip issue and expect to maintain the final payment on the enlarged capital, which would be an effective 25 per cent increase.

Tax for the period took £587,000 (£425,000), leaving net profits of £648,000 (£392,000) equal to earnings per 5p share of 2.47p (1.52p).

Despite the increase in basic and differential lending rates by individual building societies in July, the company is confident that with the continued availability of mortgage funds demand for housing will continue to be high.

Mr John Bairstow, the chairman, says thet the acquisition of Taylors Estate Agency in March and Peter Rainbow and Associates in April has further strengthened the group's earning potential.

He adds that the two businesses are successfully integrating with Bairstow's established offices. Since the annual meeting in April the company has acquired additional offices in Essex to bolster the group's regional representation—Bairstow now has a network of 92 residential sales offices.

● **comment**

Bairstow Eve's branch network has expanded rapidly since coming to the market, Britain's first quoted estate agency. It is moving slowly northwards out from its South East base reaching Daventry and Northampton. And while further acquisitions are expected the company will not moven uch further than a 100-mile radius of London for the foreseeable future. Volume levels are being maintained so far and the company is confident that demand will stay buoyant so long as sources of mortgage funds do not dry up. Certainly it is based in more affluent parts of the country where the incidence of mortgages falling behind in repayments is lower. The purchase of Peter Rainbow will considerably strengthen Bairstow Eves' mortgage and insurance business and the company expects to build up a significant source of income in the next few years from insurance broking. It sbould make pre-tax profiuts of £3m for the year which on e 42 per cent tax charge puts tbe shares up 1p at 96p on a PE of 16.

ISE for USM—£7.5m rights

Industrial Scotland Energy, ISE, an oil and gas production and exploration company, is raising £7.5m from sbareholders by way of a one-for-five rights issue at 110p. And it is applying for dealings in its shares to begin on the Unlisted Securities Market by way of an introduction.

The company was set up in 1980 to participate in the Seventh Round of licences in which it was unsuccessful. Sinca then it has establisbed a portfollo of exploration interests. It also has royalty interests in the Forties, Claymore and Piper fields in the North Sea and Rolly in the U.S.

Exploration interests include licences in the Southern Gas Basin of the UK North Sea and in the UK onshore in groups operated hy Clyde and Tricentrol. It also has interests in the Paris Basin of France and in the U.S.

The cash raised by the rights issue will be used to develop the exploration programme. Tha company expects to participate in at least three wells in the UK in 1984 and sees e significant proportion of future exploration activity being centred in the UK where the company can set off its exploration costs against income subject to Petroleum Revenue Tax.

The directors of ISE forecast e pre-tax profit for the 15 months to December 1984 of not less than £3m.

The directors and sharebolders, which inclnde e number of institutions want to create a market in the shares of the company and dealings in tha sbares are expected to commence on August 20.

A general manager and finance director, Malcolm Bntler and Colin Leslie, were appointed in the last few months prior to the flotation of tha company on the USM.

The rights issue at 110p compares with net assets per share of between 180p and 190p.

Shareholders who together bold 58 per cent of tha equity have undertaken to subscribe to the rigbts issue and the remaining 3.87m shares have been underwritten by stockbrokers Parsons & Co and Fielding, Newson-Smith.

Better UK returns push Utd. Packaging up £0.07m

BETTER FIGURES from the UK sector more than offset slightly lower returns from Zimbabwe and took taxable profits of United Packaging ahead from £1m to £1.07m for the year ended April 30 1984. Turnover advanced on both sides and totalled £7.97m for this packaging goods USM concern, compared with £7.02m.

The directors say that in the first quarter of the current year, UK sales are running more than 25 per cent ahead of 1983-84 and they are confident this trend will continue.

Despite the present temporary restrictions on remittances from Zimbabwe, shareholders have not suffered, the final dividend payment of 1.75p lifting the total to 3.15o per share, against last year's single distribution of 1.55p.

From funds eveilable within Zimbabwe directors say that investment is being made in new cotton spinning plant which should become operative towards the end of the current year.

The group is continuing to exploit opportunities for expansion in the fast-growing stretch wrap market—S & T Conversions was acquired at the end of the year.

New products under development include a stretch wrapping system for long profile products such as timber products and extrusions. Production facilities in the UK for twine products have been updated in order to reduce unit costs and sales of twine products have remained buoyant.

Tax charge was down from £488,000 to £361,000 and after minorities of £101,000 (£77,000) and extraordinary debits totalling £101,000 (£148,000) the attributable balance came through ahead from £289,000 to £511,000.

Before extraordinary items earnings per 10p share were 19.26p (14.34p) based on profits attributable to members of the company, and 9.67p (11.97p) based on profits available for distribution in the UK.

Second half lifts Restmor

THE RATE of growth ecceler-ated in the second half of the year to April 30 1984 at Restmor Group, enabling the company to edd £964,000 to the midway taxable profit of £793,000. The comparable figures last time were £836,000 and £650,000 respectively.

The profit for the full year of £1.76m (£1.49m) was a record for this manufacturer of baby carriages and nursery furniture.

The proposed final dividend ls 6p net per share, up from 5.5p last time, raising the total by 1p to 7.5p. Earnings per ordinary share are given as 19.93p against

The directors are proposing a scrip issue on a one-for-one basis.

Turnover increased from £12.49m to £14.03m, and the trading result included £142,000 (£272,000) in interest receivable and a £166,000 (£33,000) gain on the disposal of capital bonds.

Net profit came out at £1.03m against £770,000 before an extraordinary charge of £338,000 (£21,000), leaving £690,000 (£749,000) for distribution.

COMPANY NEWS IN BRIEF

British Vending Industries, engaged in powdered vending ingredients and catering and medical disposables, pushed taxable profits up by £82,000 to £237,000 over the first six months of 1984.

The profits were achieved on turnover of £11.46m, against £9.62m, and were subject to tax of £79,000 (£61,000). Earnings per share rose from 1.1p to 1.86p and the interim dividend is being lifted to 0.46p (0.35p).

* * *

The interest rate for this week's issue of local euthority bonds is 10¼ per cent, down one percentage point from last week and compares with 10 7/16 per cent a year ago. Te bonds are issued at par and are redeemable on August 21 1985.

A full list of issues will be published in tomorrow's edition.

* * *

Pre-tax profits at **Meat Trade Suppliers** moved ahead from £279,255 to £291,000 for the year to the end of March 1984. Turnover of this supplier of sausage casings and butchers equipment slipped from £7.93m to £7.75m.

The net final dividend has been held at 3.5p which repeats the total of 5.25p.

At the operating level profits rose from £85,657 to £130,622, bnt income from investments fell from £193,598 to £160,378. Profits after tax of £81,710 (£115,053) came to £209,290 (£164,202), equivalent to 7.98p (6.26p) per 25p share.

* * *

Net asset value per share at **Group Investors**, investment trust, rose from 264p to 272.7p in the year to June 30 1984.

A final dividend of 2.5p net is recommended, against 2.3p, to lift the total from 3.4p to 3.7p.

Net revenue available moved ahead from £216,151 to £295,881 after tax of £154,732 (£123,486).

* * *

The USM oil and gas exploration and investment group **Edinburgh Securities** has cut its loss from e restated £447,000 to £53,000 for the first half of 1984, with the attributable deficit down from £416,000 to £85,000.

An independent reserve evaluation as at June 30 1984 indicates that the present value of the producing properties in the 90 per cent owned Edinburgh and Dallas Petroleum, discounted at 10 per cent, amounts to £2.36m, compared to the balance sheet valua at that date of £0.73m.

* * *

Largely due to e sharp reduction in the amount charged as an exceptional debit, **Tilley International** (formerly the Tilley Lamp Company) produced profits for the half year ended March 31 1984.

The pre-tax result for tha period was a surplus of £854, and compares with a £8,879 loss for the half year to April 2 1983.

Tha directors of this light engineering manufacturer are not recommending an interim dividend on the ordinary shares. The loss per ordinary share was redneed from 2.79p to 0.76p.

Turnover was down from £850,474 to £569,198, of which £397,659 (£606,378) came from bome sales and the balance from exports.

* * *

MME Facilities beat its USM prospectus profit forecast for the year to end-June 1984 and shareholders are set to receive a better than expected dividend.

The company, a facilities house engaged in post production operations for companies including television contractors and advertising agencies, achieved taxable profits of £376,000, which are £78,000 aheed of tha forecast and slightly more than doubled last year's £187,000.

The directors are recommending e final dividend of 1.575p, which gives a total of 2.1p against last December's prospectus forecast of 0.7p, and against the amended 1.4p forecast at tbe interim stage.

Turnover was £1.23m (£1m). Tax took £83,000 (nil).

* * *

Ward and Goldstone continued to be profitable and was on line to achieve its targets for the year, chairman Mr Peter Frost told the annual meeting.

UK COMPANY NEWS

Waterford takeover threat removed

BY CHARLES BATCHELOR

Globe Investment Trust yesterday announced it has bought the 20.16 per cent stake in Waterford Glass Group previously held by Avenue Investment Company for I£17.1m (£13.9m).

The sale of the Avenue holding to the UK investment trust effectively removes the threat that Waterford would be forced into a merger with another company.

Talks between Waterford, the fourth largest publicly quoted Irish group, and Carroll Industries, the tobacco company, aiming at a possible link up, began last May but were called off in June. Mr Paddy McGrath, Waterford chairman, told the annual meeting in June, all talks had ended, but a number of shareholders still expressed concern at a possible takeover.

Take-over speculation pushed Waterford's shares to 45p at one stage but they have since fallen back and were unchanged at 30p yesterday.

Globe said it bought the Avenue holding of 42.9m shares for I£0.40p (£0.32) each. Mr David Hardy, Globe chairman, will join the Waterford board as a non-executive director.

Mr Colin Black, Globe deputy chairman, said the Waterford stake was bought as part of Globe's policy of devoting up to 40 per cent of its assets to a small number of large investments.

Waterford ranks as fifth or sixth among Globe's large investments which include Mercantile House, the financial services group, BP, Electra Investment Trust, Argyll Group, Clyde Petroleum and House of Fraser.

Globe started discussions with Avenue about 10 days ago and decided to buy the stock "on its merits," Mr Black said. "We paid a very modest premium to the notional market value," he said. "We see it as a first class long term investment."

Avenue Investments is controlled by the McGrath, Duggan and Freeman families. Waterford was founded after the last war by Mr Joseph McGarth.

Avenue has been disposing of assets recently and incurred losses on the failure of an electronics manufacturer in which it had invested and a small Irish airline.

Mr Owen Kealy, Waterford's managing director, said: "A merger was an idea which did not work out. Naturally I am very relieved that that period is over and the problems have been resolved."

Grand Met sales up 14.7% at nine months

EXTERNAL sales of Grand Metropolitan, brewing, consumer products wines and spirits and hotel group, advanced by 14.7 per cent from £3.21bn to £3.68bn for the nine months ended June 30 1984. Excluding the UK soft drinks business, CC Soft Drinks, sold last May, the increase was 16.5 per cent, directors point out.

As required, the group announces results of Grand Met USA, Inc for the same nine month period, which represent the activities reported as U.S. consumer products, adjusted to exclude any contribution from the U.S. wines and spirits operations.

After tax earnings of $26.38m ($17.53m) were produced for the three months ended June 30 and boosted the nine months figure to $80.62m ($61.75m), compared with $50.64m last time. Net sales for the whole period advanced from $955.25m to $1.27bn.

Mr Stanley Grinstead, chairman and chief executive of Grand Metropolitan

Operating income for the three months rose from $35.56m to $49.78m and was mainly due to increased cigarette sales, the timing of price rises, and lower tobacco costs, the directors explain.

Comparisons with the corresponding quarter of 1983 are distorted by these and other factors affecting performance over short periods, they state. Competitive developments in the pricing of cigarettes did not begin to affect margins until after the end of the quarter.

The directors point out that the GrandMet U.S. figures will require material adjustment before translation into sterling and incorporation in the consolidated accounts of Grand Metropolitan.

Full-year results of the group are expected to be released on December 20.

IMI profits expand 43% to £17.5m at six months

MOST PARTS of the IMI group of fabricated components and products manufacture turned in better figures for the first six months of 1984 with pre-tax profits for the period expanding by 43.4 per cent from £12.2m to £17.5m. Turnover increased by £28.2m to £365.9m.

The directors say that current indications are that the improvement is being maintained.

Pre-tax surplus for the whole of 1983 was £31.55m (£21.61m).

Major sources of profit increase at midway were the U.S., the UK and European activities in the fluid power and drinks dispense business sectors. There was also an upturn in performance from a number of general engineering and automotive radiator companies.

Profits derived from building products were similar to last year's with better results from tube and fittings being offset by some shortfalls elsewhere.

There was some decline in profits from special purpose valves primarily as a result of difficult market conditions in the U.S. Contributions from refinery operations fell because of tight scrap margins and a temporary interruption of copper blister supplies.

Trading performance from copper semis and metal and plastics distribution showed an encouraging improvement.

The interim dividend is increased from 1.5p to 2p net per 25p share.

Trading profits amounted to £21.2m (£17.5m) and were after depreciation of £9m (£8.4m) but included income from investments and interest received £2.8m (£2.4m). Interest payable was down from £7.7m to £6.5m while after a tax charge of £7.2m, compared with £5.6m, earnings were shown at 3.7p (3.3p) per share.

● comment

Like GKN and Glynwed, IMI shares responded to strong first half growth with a bout of profit-taking which dropped the price 14p to 79p. That might soon reverse, however, given the prospects across a spread of businesses which looks more diversified than many of IMI's "metal bashing" stablemates. Fluid power is ahead by about 50 per cent on the back of better market share, greater efficiency and, not least, some 6 per cent volume growth. Cornelius, which for its size must rank as one of the most valuable acquisitions by any British company, is up by a further 20 per cent and there is encouraging strength in die-casting, minting and heat exchange. Building products—21 per cent of last year's profits—is about neutral and the special valves division was off around 30 per cent even although the long-term outlook is still thought to be encouraging. The changes which have done so much to alter the face of IMI in the last few years are by no means over. The search for acquisitions continues although, on a p/e of 9.2 on annual profits of, say, £40m taxed at the interim rate, IMI is still at least one step out of the virtuous circle of companies which fund strategic bids with paper and enjoy subsequent share price strength. The prospective dividend yield of 8.4 per cent remains a trusty prop.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: BSR, J. Bibby, Corah, General Accident Fire and Life Assurance, Phicom, Securicor, Security Services.

Finals: M.L. Holdings, McKay Securities, Ocean Wilsons, J. Saville Gordon, Scottish English and European Textiles, Star Computer.

FUTURE DATES

Interims—	
AMEC	Aug 29
British Petroleum	Sept 6
Church	Aug 31
Foster Building & Construction	Aug 24
Gaskell Broadloom	Aug 17
Horizon Travel	Aug 22
Independent Newspapers	Aug 16
Marchwiel	Aug 20
Metal Bulletin	Aug 23
Noble and Lund	Aug 23
Olives Paper Mill	Aug 22
Warmoughs	Sept 25
Finals—	
Associated Dairies	Aug 29
OPCE	Sept 5
SolecTV	Aug 15

U.S. sale by Reed Stenhouse

Continental Corporation of New York is paying Reed Stenhouse & Partners, a major UK insurance broking group, £4.5m for its 50 per cent holding in Continental Life Insurance, a UK life company. The acquisition will make Continental Life a wholly owned subsidiary of Continental Corporation.

Continental Life was formed in 1981 jointly by Continental Corporation and Reed Stenhouse. It markets a wide range of life, pension and permanent health insurance contracts through the independent intermediary market.

It has recently launched a novel unit-linked permanent health policy and has linked-up with the F and C Group to market a new style personal pensions contract.

The funds of Continental Life, excluding shareholders' funds of £5m, amounted to £10m at end-June this year. Premium income in the first six months of this year net of reassurances was in excess of £8m.

The management and location of Continental Life will remain unchanged, with Reed Stenhouse Investment Services still responsible for investment management for those funds not under F and C's management. The company will continue its policy of accepting business only from full time professional insurance intermediaries.

Mr Richard Liddy, President of Continental Corporation's Life and Health Group, stated that this move was part of the Corporation's overall plan to expand its Life and Health operations in target areas in the U.S. and overseas. The acquisition would provide a stronger foothold in the important UK market.

Mr Tor-Green, chief executive of Continental Life indicated that one area of development would be the establishment early next year of its own unit trust management group.

Reed Stenhouse intends to use the proceeds of the sale in expanding its Financial Services operations, an increasingly important area of the Group's operations.

BET chief says future looks good

MR HUGH DUNDAS, chairman of British Traction Company, transport, industrial services, construction, electronics concern, tells shareholders in his annual review that the future looks good for the company as a whole, but he warns that the outlook for investment in new-era cable television has "become increasingly clouded."

Mr Dundas says that BET will continue to take a close interest in cable, but "we shall act with caution."

Describing the group's 22 per cent pre-tax profit rise as justifying his prediction made last year of a "climb away from the plateau on which our profits had rested since the onset of the recession," the chairman also says that most of BET's existing businesses have made a strong start to the current year.

As reported on July 20 in the preliminary statement for the year ended March 31 1984, taxable profits amounted to £85.69m, compared with £70.15m, helped by a jump of more than £10m in construction profits from £4.3m to £14.5m.

Commenting on the group's offer in May for the shares in Initial it did not already own (59.3 per cent), Mr Dundas says that the referral of the offer is a disappointment. "At the best, it postpones a move which was an important element in our overall plan." He adds that the group has "by no means reached the end of the matter."

He tells members that during the year the group has been consistently developing the business strategy outlined a year previous.

This was to focus more sharply on the development and expansion of a limited number of business sectors with good growth prospects, to look for growth through acquisition in those same sectors, to dispose of businesses which either are producing sub-standard profits or do not fit in with the planned structure and to build up business involvement in the U.S.

Mr Dundas adds that further acquisitions are currently under consideration.

He says the expansion of operations in the U.S. has been and is being steadily maintained. Operating profits generated by the North American companies amounted to £11.1m, and accounted for 10.8 per cent of the BET total, compared with 3.5 per cent three years ago. He adds that since the beginning of 1981 the group has spent some $98m on U.S. acquisitions.

"It is our intention to go higher and we look set to do so," he states.

BIDS AND DEALS IN BRIEF

Godwin Warren Control Systems has acquired the assets of Cannings Electronics, which will form the basis of a new company, Q Controls, with expertise in theatre and studio lighting, as well as having software sub-contract capacity.

* * *

MOY Insulation, the Irish based manufacturer of glass fibre insulation, in which banker Guinness Mahon is the majority shareholders, has acquired 25 per cent of the Australian company Insulco Pty. A further 25 per cent of Insulco is being taken by the Australian banking group, Westpac Banking Corporation.

Insulco manufactured under licence from Moy at its Sydney plant and has built up sales equivalent to I£6.5m annually. It hopes to expand into markets in south east Asia and the Pacific.

* * *

The British Electric Traction Company has acquired, from Baring Brothers and Company 598,000 ordinary shares in Initial, previously acquired by Barings in persuance of an agreement with BET.

The total number of ordinary shares now held by BET and its subsidiaries stands at 23.1m.

* * *

The interest of the Standard Life Assurance Company/Standard Life Pension Funds, in the ordinary share capital of TR Trustees Corporation, is now 5.993 per cent as follows: 5.25m shares held in name of Bank of Scotland (Stanlife) London Nominees.

* * *

Belhaven Brewery has completed the acquisition of 3.49m participating preference shares in Ryan at 84p per share. At the present time it is Belhaven's intention that the shares acquired be retained as an investment.

The agreed consideration of £296,729 has been satisfied by the issue of 1.02m ordinary of Belhaven, 4.34 per cent of the enlarged issued equity.

This purchase, together with shares already owned in Ryan, will give Belhaven a total holding in Ryan of 5.21m ordinary and 3.49m participating preference, 22.36 per cent of total issued equity.

* * *

Industrial Equity (Pacific) has made further purchases of ordinary shares in Ratcliffs (GB), bringing its holding up to 8.38 per cent.

* * *

FS Assurance Trustees now holds 626,666 ordinary shares in Glass Glover Group representing 6.96 per cent of the shares in the issue.

* * *

John Waddington's shareholders have taken up 96 per cent of the 1.46m shares offered in a recent rights issue.

* * *

Jackson Exploration, the Texas-based company which has a quote on the USM, achieved a U.S.$14.08m (£10.7m) turnround in the six months to June 30 1984 to reach taxable profits of $108,000 (£82,000).

The directors state that although trading conditions remain difficult in the U.S., the three months prior to the end of the interim accounting period saw the first sale of interests in overseas concessions which have resulted in a profit being recorded.

The company, engaged in oil and gas exploration, development and production, is once again passing its interim dividend.

The improved result came out of revenue which nearly doubled from $5.53m to $9.36m. A breakdown of the figure reveals oil and gas sales $2.09m ($2.83m); gas processing and transportation $1.22m ($2.01m); operating management fees $366,000 ($259,000); sale of oil and gas properties $6.37m (nil); and interest and other income $98,000 ($335,000).

Expenses accounted for $9.44m ($19.5m) and there was no tax charge for the period—there was a $359,000 credit last time.

Earnings per share for the six months are shown as 0.2 cents, against a 27.2 cents loss for the comparable period.

Jamesons in the red at interim stage

Jamesons Chocolates plunged into the red in the first six months of 1984, with pre-tax losses for the period totalling £119,000, against £232,000 profits last time. However, the directors say the order book for the Christmas trade is substantial and a profitable second half is anticipated.

The first-half loss was due to sharply increased raw material costs, especially cocoa, and the lag in time before these were reflected in selling prices which consequently affected the volume of sales—as forecast.

Turnover for the half-year dropped from £3.7m to £3.39m. The loss included investment income of £10,000 (£49,000), but was before a tax credit of £83,000 (£167,000 charge).

The net interim dividend is unchanged at 2p per 10p share—last year, a total of 5p was paid on profits of £553,000 (£700,000).

Fleming Mercantile

Net revenue at the Fleming Mercantile Investment Trust slipped from £2.51m to £2.12m for the half year to the end of July 1984. Earnings per share were shown as 1.49p against 1.69p and the net interim dividend has been held at 0.72p. In the last full year a total of 2.75p was paid.

The directors say interim figures do not provide a guide to earnings for the full year.

Net asset value for the opening portfolio came to 131.4p against 144.2p at the end of last January and 133.6p at the same time last year.

Cambrian & General

Cambrian and General Securities Holdings has been notified by London and Manchester Group of the purchase of 100,000 of its ordinary shares in the name of Strand Nominees.

As a result of this purchase the group interest in the ordinary share capital is London and Manchester Assurance 3.8m, Strand Nominees 100,000 and Lonmanpen 200,000, equal in total to 11.96 per cent.

Isle of Man Steam

Losses before tax deepened at the Isle of Man Steam Packet Co from an adjusted £743,000 to £824,000 for the first half of 1984. Turnover of this shipowner and manager moved up from £5.15m to £5.3m.

Due to the seasonal nature of the passenger side of business, the directors say that income from this source is normally greater in the second half of the year, but a substantial part of expenditure costs relating to ship overhauls and surveys is accountable for in the first half of the year.

In the current season they say there has regrettably been a decline in visitor arrivals on all routes and in the volume of freight conveyed.

Previously published figures for the first half of 1983 have been amended to reflect increased charges for depreciation.

There was a credit for tax of £165,000 (£149,000) after which attributable losses amounted to £659,000 (£594,000).

In the last full year pre-tax profits came to £995,000, and the directors said that profit levels had to be improved dramatically if the future was to be assured.

Hogg Robinson

Hogg Robinson has completed the sale of its associate, Bankers and Shippers Insurance Company of New York to the Travelers Indemnity Company of Hartford, Connecticut.

Bankers and Shippers was owned jointly by Hogg Robinson and Republic Steel. The proceeds of the sale totalling $13.5m (£10.3m), have been applied to the reduction of partners borrowing in the U.S.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bairstow Eves	0.81†	Oct. 19	0.81	—	1.61
Fleming Mercantile int.	0.72	Oct. 2	0.72	—	2.75
Group Investors	2.5	—	2.3	3.7	3.4
IMI int.	2	Oct. 22	1.5	—	4
Matthew Clark	7	Oct. 15	7	12	10
Meat Trade	3.5	—	3.5	5.25	5.25
MME Facilities‡	1.58	Nov. 2	—	2.1	—
Peel Holdings	5	—	7.35	5	7.35
Restmor	5	Oct. 12	5.5	7.5	6.5
Smith & Nephew	1.5	Oct. 9	1.17*	—	3.78*
Utd. Packaging‡	1.75	—	1.5	3.15	1.55
British Vending int.	0.46	—	0.35	—	0.77

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Final of 2.5p forecast.

The Prudential Corporation group of companies, as a result of recent sales totalling 158,677 ordinary shares, now holds 2.53m shares in Drayton Consolidated Trust (6.9 per cent).

MINING NEWS

Inco offering C$90m metal price-linked redemption stock

BY KENNETH MARSTON, MINING EDITOR

CANADA'S major nickel producer, Inco, is to offer C$90m (£52.6m) of 10 per cent Cumulative Redeemable commodity-indexed Preferred shares Series C. The 3.6m shares are to be offered at C$25 per share, but the offering will not apply in the U.S. The shares will be redeemable at C$25 at the option of holders in 1991.

Importantly, the shares also give the holder the right to C$25-worth per share of either copper or nickel on the price basis of U.S.$2.90 per lb for nickel and U.S. 80 cents per lb for copper. Current market prices for the metals are lower at around U.S.$2.15 and U.S. 60 cents, respectively.

The holder has the right to exchange his shares for the cash equivalent of his metal based on London Metal Exchange prices. Thus if the LME prices rise above the $2.90 or 80 cents levels at any time up to 1991 he will make a profit.

If he exercises this option before August 1, 1987, however, Inco has the choice of paying him in either cash or Inco common shares. Should the metal prices fail to rise sufficiently to make an exchange worthwhile, the holder will continue to receive his 10 per cent interest until he requests the company to redeem them in 1991.

The holder thus had the prospect of a capital gain on a 7-year view of metal prices or of the fall-back position of holding a low-yielding preferred share.

From Inco's point of view, the offer is a means of raising capital on a relatively low interest rate while being in a position to hedge against the costs of meeting payments to shareholders, in the event of metal price rises, by using its own production or market futures trading.

Atlas Mining runs into losses

THE BIGGEST producer of copper in the Philippines and also a leading producer of gold, Atlas Consolidated Mining and Development has run into losses this year after having made a profit of 93.4m pesos in 1983, reports Leo Gonzaga from Manila.

A net loss of Pesos 155.6m (£5.68m) for the second quarter makes a loss for the half year of Pesos 301.3m compared with net income of Pesos 94.2m in the same period of 1983.

Mr Harry A. Toelle, the Atlas president, said that the exchange rate benefits of two devaluations of the peso was neutralised by the rise in production and other costs while the decline in copper and gold prices pushed the company into the red.

He did not comment on reports that Atlas would seek help from the Philippines Government under the recently reported Presidential Letter of Instructions which provides for "distressed" producers of copper to postpone payment of all taxes, duties, charges and fees during weakness of metal prices.

The same reports had said that another copper producer, Marcopper Mining, was also thinking of seeking temporary tax relief under the arrangements. Marcopper lost Pesos 4.78m in the first quarter of this year against a profit a year ago of Pesos 8.32m and is believed to have encountered further losses in the second quarter.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.48	2.2	23	45	22½	22	22	-½
22	13½	AMCA	n	1	7.2	1	13⅞	13⅞	13⅞	
18⅞	13⅞	AMF	.50	3	1148	219	15½	15¼	15¼	
41¾	24¼	AMR			4	7823	27⅞	27⅛	27½	
20⅞	18	AMR pf2.18		11		6	19½	19½	19½	
41½	27½	AMR pf2.13		7.2		864	29⅞	29½	29½	
25½	23	ANR pf2.67		11.		1	23⅞	23⅞	23⅞	-⅛
16⅞	8½	APL			4	108	11⅜	11¼	11¼	-⅛
55¾	40¼	ARA	2.10	4.0	11	992	53½	51½	52⅞	+⅜
71½	44¾	ASA	3a	5.5		832	54⅞	53½	54⅞	+⅝
30¼	16½	AVX	.32	1.3	15	380	24½	24⅛	24⅛	-⅛
53⅞	38¼	AbtLab	1.20	2.6	15	2299	46⅞	46⅛	46½	-⅜
34	23¾	AccoWd	.60	1.8	28	526	34	33⅞	33⅞	-⅛
27¼	12½	AcmeC	.40	2.9		24	14	13⅞	13⅞	-¼
12⅞	9¼	AcmeE	.32b	3.2	27	34	10	9⅞	9⅞	-⅛
24⅞	11	AdmDg	.04	.5	9	32	16¼	15⅞	16	+⅛
18¾	15	AdaEx	2.11e	13		100	16½	16⅛	16¼	-⅛
16⅞	11⅞	AdmMl	.28	9.1	14	25	13½	12¾	13¼	-¼
22	13½	AdvSys	.81t	4.5	16	321	18	17¾	18	+½
38½	25⅞	AMD			21	4292	38¼	38¼	38⅞	-1⅛
17⅞	7⅞	Advest	.12	1.1		59	11	10⅞	10⅞	-¼
21⅞	9⅞	Aerflex			12	36	13	12⅞	15	+⅛
39	27½	AetnLf	2.64	7.7	32	3742	34⅛	32¾	34½	+⅝
[illegible]										

Continued on Page 19

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 18

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
5⅞	4	WndAr				10	4¼	4¼	4¼	-⅛
58½	45	Wrigly	1.80	3.1	11	114	58¼	57⅞	58	-¼
8⅞	3¾	Wurltzr				88	115	4¼	4¼	4¾
25⅞	10¼	WyleLb	.32	2.0	12	292	16	15⅝	15⅞	-⅛
21	16½	Wynns	.60	5.4	9	17	17⅞	17¾	17⅞	+¼

X—Y—Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
52¼	33¾	Xerox	3	7.6	10	4508	39¼	39	39½	+⅛
51¼	45¾	Xerox	pf5.45	11		53	49	48½	49	+½
37	19	XTRA		2.5	9	217	25¼	24¾	25¼	-¼
34	26	ZaleCp	1.26	4.5	10	138	28¼	28	28¼	-⅛
24⅞	15¾	Zapata	.84	4.7	13	297	18⅛	17⅞	17⅞	-1
48	28¾	Zayre	.40b	.9	14	797	47⅛	46¼	46¼	-1
38⅝	20	ZenithE			10	973	28⅝	27½	27½	-⅝
27⅞	18	Zero	s .36	1.5	18	64	24	23¾	23¾	-¼
34	21¼	Zurmin	1.32	5.2	13	53	25½	25¼	[illegible]	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

Aug. 14	Price Sch.	+ or −
Creditanstalt	206	−1
Goesser	396	−1
Interunfall	400	.....
Laenderbank	205	
Perlmooser	345	−2
Steyr Daimler	140	−1
Veitscher Mag	211	−3

BELGIUM/LUXEMBOURG

Aug. 14	Price Frs.	+ or −
ARBED	1,520	−15
Banq Int A Lux	5,150	..
Bekaert B	4,130	+30
Ciment CBR	2,430	−20
Cockerill	254	−6
Delhaize	5,450	+50
EBES	2,700	+55
Electrobel	7,500	+50
Fabrique Nat	2,025	+30
GB Inno BM	3,200	+10
GBL (Brux)	2,345	−5
Gevaert	3,450	+30
Hoboken	5,410	−90
Intercom	2,000	+30
Kredietbank	6,780	+30
Pan Hldgs	9,230	..
Petrofina	6,930	−20
Royale Belge	9,400	−50
Soc. Gen. Banq	9,240	−5
Soc. Gen. Belge	1,850	−20
Sofina	6,650	+50
Solvay	3,870	−5
Traction Elec	3,805	−5
UCB	4,900	+60
Vieille Mont	4,140	−60

DENMARK

Aug 14	Price Kur %	+ or −
Aarhus Olie	460	..
Andelsbanken	254	−3
Baltic Skand	720	..
CopHandelsbank	270	−3
D. Sukkerfab	855	..
Danske Bank	262	−3
East Asiatic	197	+1
Forenede Brygg	960	..
Forenede Damp	112	..
GNT Hldg	625	−25
I.S.S.B.	510	...
Jyske Bank	534	−4
Novo Ind	2,605	..
Privatbanken	233	−1
Provinsbanken	324	+3
Smidth (F)	217	..
Sophus Berend	1,010	10
Superfos	504	−6

FRANCE

Aug. 14	Price Frs.	+ or −
Emprunt 4½% 1973	1,728	+4
Emprunt 7% 1973	9,199	+34
CNE 3%	3,564	+5
Air Liquide	518	−2
BIC	416	−2
Bouygues	600	+3
BSN Gervais	2,510	−10
CIT-Alcatel	1,060	−11
Carrefour	1,465	−9
Club Mediter'n	890	−4
CFAO	596	..
Cie Bancaire	510	..
Cofimeg	210	..
Darty	835	+10
Dumez S.A.	649	−1
Eaux (Cie Gen)	525	..
Elf-Aquitane	209	−5
Gen. Occidentale	621	..
Imetal	81.4	−0.1
Lafarge Coppee	519.1	−1.9
L'Oreal	2,243	−12
Legrand	1,825	..
Maisons Phenix	197	−1
Matra S.A.	1,450	−3
Michelin B	767	−2
Midi (Cie)	1,819	+4
Moet-Hennessy	1,690	+1
Moulinex	101.8	+0.8
Nord Est	45.9	..
Pernod Ricard	809	+14
Perrier	487	−4
Petroles Fra.	229.8	..
Peugeot S.A.	195	+4.5
Poclain	43.8	−0.2
Printemps Au	139	−0.2
Radiotech	245.1	−3.1
Redoute	1,002	..
Roussel Uclaf	1,279	..
Sefimeg	241	+4
Skis Rossignol	1,357	−4
Telemech Elect	1,620	+5
Thompson (CSF)	314.1	−1.4
Valeo	222	+1

GERMANY

Aug. 14	Price Dm.	+ or −
AEG-Telef	92.8	−0.9
Allianz Vers	781	+18
BASF	156.5	+1.6
Bayer	197.1	+1.1
Bayer-Hypo	969	+2.5
Bayer-Verein	511	..
BHF-Bank	237.5	−2.5
BMW	390	+4.3
Brown Boveri	194	−1
Commerzbank	152.5	+1.5
Cont'l Gummi	120	−0.1
Daimler-Benz	652	+1
Degussa	348	+5.5
D'sche Babcock	150	−2.5
Deutsche Bank	358.5	+1.2
Dresdner Bank	155.8	+2.3
GHH	142	+2
Hochtief	468xd	..
Hoechst	168	+1.5
Hoesch Werke	93.2	+0.2
Holzmann (P)	415.5	..
Horten	168	−9
Kali und Salz	213.5	−0.5
Karstadt	240	+3
Kaufhof	215	−2
KHD	231	+2
Kloeckner	57	−0.8
Krupp	76	..
Linde	354	+9
Lufthansa	155.5	+3.6
MAN	138	+1.5
Mannesmann	142.3	+1.1
Mercedes Hld	486	+4
Metallgesell	214.5	..
Muench Rueck	1020	..
Preussag	253.6	+7.6
Rhein West Elect	159	+1.8
Rosenthal	230	−1
Schering	354	+7.3
Siemens	388	−0.6
Thyssen	74.5	..
Varta	164	..
Veba	170	+1.1
V.E.W.	115.5	+1.3
Verein-West	292	..
Volkswagen	178.9	+0.9

ITALY

Aug. 14	Price Lira	+ or −
Banca Com'le	17,095	−106
Bastogi-IRBS	144	..
Centrale	2,050	−13
Credito Varesino	4,050	−40
Fiat	4,450	+60
Finsider	38	..
Generali Assicur	33,410	−100
Invest	2,885	−10
Italcementi	47,000	−150
Montedison	1,185	−6
Olivetti	5,945	−65
Pirelli Co	3,246	−300
Pirelli Spa	1,880	+13
Snia BPD	1,765	+166
Toro Assic.	11,510	−40
do. Pref	9,100	−15

NETHERLANDS

Aug. 14	Price Fls	+ or −
AGF Holding	180	..
AEGON	119.2	+2
Ahold	193.9	+0.7
AKZO	91.6	+0.6
ABN	510	−2.5
AMEV	157	+0.5
AMRO	54.8	+0.5
Bredero Cert	189	+6
Bos Kalis Westm.	26.5	..
Buehrmann-Tet	68.5	+0.5
Calland Hldgs	33	−0.5
Credit Lyon'is Bk	47.2	+1.2
Elsevier-NDU	91.8	+0.8
Gist Brocades	151.5	+1.7
Heineken	138	+1
Hoogovens	53	+2.3
Hunter Douglas	28.1	..
Int Mueller	35.4	−0.1
KLM	180	−4
Naarden	40.4	+0.9
Nat Ned Cert	224.2	−1.5
Ned Credit Bank	40	..
Ned Mid Bank	133.5	−1
Nedlloyd	107	..
Oce Grinten	242.5	+0.5
Ommeren (Van)	27	+0.3
Pakhoed	65	+1
Philips	49.7	+0.9
Rijn-Schelde	2.3	..
Robeco	64.3	+0.3
Rodamco	131.8	−0.1
Rolinco	61	−0.1
Rorento	202.1	−0.3
Royal Dutch	157.5	−0.7
Unilever	267.5	+1.5
VMF Stork	123	−1
VNU	155.5	−1.6
West Utr Bank	82.1	−0.1

NORWAY

Aug 14	Price Kroner	+ or −
Bergen Bank	154	−1
Borregaard	310	+10
Christiania Bank	154	−2
DenNorske Credit	163	−2
Elkem	140	−0.5
Norsk Data	329.5	−4.5
Norsk Hydro	694	+6
Storebrand	216	

SPAIN

Aug 14	Price Ptas	+ or −
Bco Bilbao	360	−4
Bco Central	357	−2
Bco Exterior	200	−1
Bco Hispano	238	−4
Bco Santander	334	−1
Bco Vizcaya	397	−1
Dragados	137	−3
Hidrola	66.7	−1.5
Iberduero	67.5	−1.7
Petroleos	149.5	
Telefonica	89	+0.5

SWEDEN

Aug 14	Price Kronor	+ or −
AGA	385	..
Alfa-Laval	336	−9
ASEA (Free)	360	+5
Astra (Free)	440	+15
Atlas Copco	117	−2
Boliden (Free)	386	+1
Cardo (Free)	355	−5
Cellulosa	134	−1
Electrolux B	256	−1
Ericsson	376	−3
Esselte	305	−3
Mo Och Domsjo	372	−3
Pharmacia	219xc	−2
Saab Scania Free	566	..
Sandvik	405	−5
Skandia	352	−3
Skan Enskilda	61.5	−0.5
SKF	180	−5
St Kopparberg	210	−1
Sven Handelsbn	184	−3
Swedish Match	232	
Volvo B (Free)	244	

SWITZERLAND

Aug. 14	Price Fra	+ or −
Alusuisse	726	−1
Bank Leu	3,550	−59
Brown Boveri	1,360	−10
Ciba Geigy	2,465	−30
do. (Part Certs)	1,815	..
Credit Suisse	2,195	−5
Elektrowatt	2,320	−10
Fischer (Geo)	620	−5
Genevoise	3,450	
Hoff-Roche PtCts	95,000	−375
Hoff-Roche 1/10	9,500	−50
Jacobs Suchard	6,200	−50
Jelmoli	1,780	..
Landis & Gyr	1,360	−20
Nestle	5,490	−10
Oer-Buehrle	1,210	−15
Perelli	250	−2
Sandoz (Br)	7,150	..
Sandoz (PtCts)	1,090	−10
Schindler (PtCts)	560	..
Swissair	964	−4
Swiss Bank	349	−9
Swiss Reinsce	7,300	−50
Swiss Volksbk	1,355	−5
Union Bank	3,260	+30
Winterthur	3,900	−50
Zurich Ins	16,850	−100

AUSTRALIA

Aug. 14	Price Aust. $	+ or −
ANZ Group	4.85	−0.08
Acrow Aust	1.6	..
Alliance Oil D	0.75	−0.01
Ampol Pet	1.73	−0.02
Aust Cons Ind	1.82	−0.01
Aust Guarant	2.9	−0.05
Aust Nat Inds	2.35	..
Aust Paper	2.8	−0.02
Bell Group	4.65	..
Bond Corp Hldgs	1.25	−0.05
Boral	3.52	..
B'ville Copper	1.68	−0.07
Brambles Inds	4.2	−0.1
Bridge Oil	2.7	..
BHP	10.6	−0.2
CRA	5.5	−0.1
CSR	2.88	−0.07
Carlton Utd	4.30	−0.04
Castlemaine Tys	4.35	..
Coles (GJ)	2.85	..
Comalco "A"	2.55	−0.05
Consolidated Pet	0.38	−0.01
Costain Aust	1.6	..
Dunlop Aust	1.81	−0.02
E.Z. Inds	6.24	−0.12
Elders IXL	4.0	−0.05
Energy Res	1.6	−0.03

AUSTRALIA (continued)

Aug. 14	Price Aust. $	+ or −
Gen Prop Trust	2.18	−0.12
Hardie (J.)	3.35	−0.02
Hartogen Energy	3.25	..
Herald W'yTimes	3.7	−0.05
ICI Aust	2.12	−0.95
Jimb'lana 50cFP	0.31	−0.02
Kia Ora Gold	0.12	...
Lend Lease	5.3	..
MIM	2.85	−0.05
Mayne Nickless	2.85	−0.02
Meekatharra	1.05	−0.25
Myer Emp	1.82	−0.06
Nat. Com. Bk	3.4	−0.04
News	5.4	+0.2
Nicholas Kiwi	4.04	−0.91
North Bkn Hill	2.28	−0.07
Oakbridge	0.87	−0.03
Otter Expl	0.49	−0.91
Pancont'l	1.22	+0.02
Pioneer Conc	1.61	−0.87
Queensland Coal	1.18	−0.02
Reckitt & Coln	2.85	..
Repco	1.15	−0.93
Santos	6.1	−0.12
Smith (H)	3.55	−0.02
Southland Min'g	0.29	−0.86
Sparges Expl	0.5	..
Thos. Nat'wide	1.85	−0.05
Tooth	5.60	..
Vamgas	3.5	..
Western Mining	3.46	−0.12
Westpac	3.61	−0.01
Woodside Petrol	1.15	−0.83
Woolworths	2.5	..
Wormald Intl	2.90	..

HONG KONG

Aug. 14	Price H.K.$	+ or −
Bank East Asia	20.3	−0.6
Cheung Kong	6.85	−0.3
China Light	12.6	..
Hang Lung Devel	2.15	..
Hang Seng Bank	63.75	+0.25
HK Electric	5.7	−0.1
HK Kowloon Wh	3.37	−0.05
HK Land	2.65	−0.05
HK Shanghai Bk	6.35	−0.15
HK Telephone	48.5	..
Hutchison Wpa	20.7	−0.3
Jardine Math	7.65	−0.3
New World Dev	2.87	..
Orient O'seas	2.25	..
O'seas Trust Bk	3.7	−0.05
SHK Props	5.7	−0.25
Swire Pac A	17.1	−0.2
Wheel'k Mard A	3.15	−0.05
Wheel'k M'time	1.8	..
World Int. Hldgs	1.9	−0.05

JAPAN

Aug. 14	Price Yen	+ or −
Ajinomoto	1,230	+30
Alps Electric	2,220	−40
Amada	1,310	−30
Asahi Chem	577	−1
Asahi Glass	746	−12
Bridgestone	540	−20
Canon	1,290	−20
Casio Comp	1,380	−50
Chugai Pharm	970	+5
Citizen	528	−9
Daiei	445	....
Dai Nippon Ptg	943	..
Daiwa House	508	+2
Ebara	520	+5
Eisai	1,260	+20
Fanuc	6,960	−50
Fuji Bank	870	+9
Fuji Film	1,730	−60
Fujisawa	1,040	+30
Fujitsu	1,330	−20
Green Cross	1,600	+10
Hasegawa	398	+5
Heiwa Real Est	545	−1
Hitachi	861	−4
Hitachi Credit	1,890	....
Honda	1,310	..
House Food	728	+5
Hoya	2,110	−20
Itoh (C)	280	−7
Ito Yokado	2,140	−10
Iwatsu	1,490	−20
JACCS	551	−7
JAL	6,090	..
Jusco	838	+3
Kajima	341	+2
Kao Soap	790	+15
Kashiyama	1,040	+2
Kirin	550	....
Kokuyo	862	+2
Komatsu	466	+3
Konishiroku	570	+3
Kubota	332	..
Kumagai	457	+3
Kyoto Ceramic	6,150	+10
Maeda Const	476	−40
Makino Milling	1,400	−4
Makita	1,080	+50
Marubeni	313	...
Marudai	617	..
Marui	1,080	−20
MEI	1,590	−10
M'ta Elec Works	690	...
M'bishi Bank	870	−5
M'bishi Corp	562	+2
M'bishi Elec	395	−2
M'bishi Estate	474	−2

JAPAN (continued)

Aug. 14	Price Yen	+ or −
MHI	230	−5
Mitsui Co	329	.....
Mitsui Estate	640	−10
Mitsukoshi	356	+4
NGK Insulators	825	−13
Nihon Cement	295	−4
Nippon Denso	1,570	−30
Nippon Elect	1,280	−40
Nippon Express	317	−9
Nippon Gakki	675	−30
Nippon Kokan	139	.....
Nippon Oil	900	+6
Nippon Seiko	540	−15
Nippon Shimpan	521	−9
Nippon Steel	153	
Nippon Suisan	529	−1
NTV	10,150	+50
Nippon Yusen	216	..
Nissan Motor	651	−11
Nisshin Flour	490	−10
Nisshin Steel	167	−3
Nomura	705	−10
Olympus	1,029	−20
Orient Leasing	3,540	.....
Pioneer	2,670	−80
Renown	617	+2
Ricoh	978	−12
Sankyo	792	−8
Sanyo Elect	522	−2
Sapporo	415	−3
Sekisui Prefab	582	+8
Seven Eleven	8,570	..
Sharp	1,110	−10
Shimadzu	555	−5
Shionogi	685	−18
Shiseido	1,150	−30
Sony	6,460	.....
Stanley	798	−7
S'tmo Bank	992	−10
S'tomo Elect	817	−5
S'tomo Marine	424	−11
S'tomo Metal	153	−3
Taihei Dengyo	460	−5
Taisei Corp	293	−1
Taisho Pharm	890	+4
Takeda	755	+4
TDK	5,699	−60
Teijin	378	.....
Teikoku Oil	655	−5
Tokyo Marine	601	−9
TBS	740	+5
Tokyo Elect Pwr.	1,150	−40
Tokyo Gas	145	−2
Tokyo Sanyo	696	−4
Tokyo Style	710	+2
Tokyu Corp	299	+1
Toppan Print	794	..
Toray	413	+13
Toshiba Elect	408	−5
TOTO	590	..
Toyo Seikan	805	+35
Toyota Motor	1,440	−30
Victor	9,400	−70
Wacoal	736	.....
Yamaha	520	+10
Yamanouchi	1,340	+10
Yamazaki	645	−9
Yasuda Fire	301	+1
Yokogawa Bdge.	400	..

SINGAPORE

Aug. 14	Price $	+ or −
Boustead Hldgs	2.32	−0.01
Cold Storage	3.56	+0.04
DBS	6.05	.....
Fraser & Neave	5.7	.....
Genting	6.6	−0.25
Haw Par. Bros.	3.37	+0.02
Inchcape Bhd.	3.02	+0.03
Keppel Shipyard	2.21	+0.02
Malay Banking	9.1	+0.05
Malay Brew	6.85	..
Multi Purpose	1.22	+0.04
OCBC	10	..
OUB	4.24	−0.02
Sime Darby	3.18	−0.01
Straits St'mship	1.48	−0.02
Straits Trdg	5.5	+0.15
UOB	4.94	....

SOUTH AFRICA

Aug 14	Price Rand	+ or −
Abercom	1.40	.....
AE&CI	7.75	.....
Anglo Am Coal	32.5	.....
Anglo Am Corp	23	.....
Anglo Am Gold	158	+1
Barclays Bank	16	+1
Barlow Rand	12	+0.5
Buffels	75.5	+0.5
CNA Gallo	2	.....
Currie Finance	3.65	−0.05
De Beers	9.3	.....
Driefontein	48.50	.....
FS Geduld	50.1	.....
Gold Fields SA	27	.....
Highveld Steel	5.2	..
Nedbank	12	+0.1
OK Bazaars	13.75	.....
Protea Hldgs	1.6	+0.1
Rembrandt	97	+3.5
Rennies	14.5	+0.5
Rust Plat	14.3	.....
Sage Hldgs	7.1	.....
SA Brews	8.55	−0.15
Smith CG	17.9	.....
Tongaat Hulett	8.25	+0.24
Unisec	5.2	+0.1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices August 14

Sales	Stock	High	Low	Close	Chng
300	Suncor pr	$23¾	23⅝	23⅝	−⅛
1000	Sydney o	58	51	58	−2
800	Tara	$18¼	18	18¼	+¼
9720	Teck B f	$9¾	9⅝	9¾	+⅛
3100	Tex Can	$35½	35¼	35¼	+¼
1900	Thom N A	$43	42¾	43	+¼
34093	Tor Dm Bk	$18¾	18¼	18½	

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MONTREAL

Closing prices August 14

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 19

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

Continued on Page 28

LONDON

Chief price changes

(in pence unless otherwise indicated)

RISES

Trs.11½pc 1989	£100⅝	+£⅝
Ex.12pc 1999/02	£108⅝	+£1½
Trs. IL 2009 2½pc	£91⅝	+£⅝
BTR	485	+15
Boddgt. Brews.	85	+8
Brit. Vend. Inds.	31	+3
Davy Corp	84	+11
Distillers	300	+9
Garfunkels Rest.	175	+15
Hwk.Siddeley	443	+14
Milletts Leisure	143	+11
Monk (A.)	124	+10
Mowlem (J.)	212	+8
Newb.&Burton	104	+6
Powell Duffryn	320	+13
Restmor	218	+23
Rivlin (I.D.&S.)	102	+12
BP	483	+13
Premier Cons.	63	+5
Charter Cons.	246	+9
Impala Platinum	£10⅜	+£1
Vaal Reefs	£78⅝	+£3⅝

FALLS

Akr.&Smithers	460	−55
IMI	79	−1½
Mercury Sec.	480	−8
NatWest Bank	483xa	−7
Saxon Oil	345	−25
Western Mining	220	−10

LONDON STOCK EXCHANGE

MARKET REPORT

Gilts lead good late advance as hopes of lower interest rates strengthen again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10
Sept 3	Sept 13	Sept 14	Sept 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

Hopes of lower interest rates in the UK and in America were boosted yesterday following the announcement of an unexpected fall last month in U.S. retail sales. The news delighted bond markets there, which had forecast a modest rise, and Government stocks in London were quick to follow.

Activity immediately increased on both domestic and overseas account and Gilt-edged quotations, already nudging higher on sterling exchange influences, advanced strongly to close with net gains extending to 1½ points. Longer-dated issues achieved the larger gains, while the shorts presented rises stretching to ½.

Slight disappointment with the authorities' earlier actions in UK money markets evaporated as investors displayed renewed confidence over the possibility of another ½-percentage point cut in base lending rates before the end of the week. The Bank of England gave sizeable help again to money markets yesterday by purchasing bills for resale later this month and leaving official dealing rates unchanged.

The strong Gilt market tone was fully maintained after the official 3.30 pm close although interest tended to falter. Continuation of the trend today is expected to ensure a good response to the £750m issue of new Government stock Treasury 10½ per cent Convertible 1992, applications for which must be submitted not later than 10.00 am Thursday, payable £30 on tender at a minimum price of £95.25.

Industrial shares struggled to make headway for much of the session. Leading issues were generally neglected while investors concentrated funds on Government securities, but the situation changed late. The U.S. Commerce Secretary's comments that the July decline in retail sales should help to ease the pressure on interest rates there sparked off a late flurry of business. In thin trading conditions values responded readily and the FT Industrial Ordinary share index, only fractionally harder at 2.00 pm, closed a net 9.1 up at 849.6, its highest level since May 22.

Clearers irregular

The major clearing banks passed an uneventful session and closed with small irregular movements. Barclays hardened 5 to 452p and Midland firmed 6 to 333p, but Lloyds, a shade dearer initially, closed without alteration at 428p. NatWest, quoted ex the rights issue, slipped 7 to 483p; the new nil-paid shares opened at 290p premium and dipped to 278p premium on small selling before settling at 280p premium.

Following details of the four-way merger between merchant bank Mercury Securities, stockjobbers Akroyd and Smithers and brokers Rowe and Pitman and Mullens, dealings in Mercury and Akroyd were expected to start at 9.30 am. Dealers decided, however, not to make prices in the two companies' shares until 10.15 pm owing to the complexity of the deal. When trading got under way, Mercury were quoted at 510p, but quickly fell to 470p prior to closing at 480p compared with the suspension price of 488p. Akroyd resumed at 500p and closed at 460p compared with the suspension price of 515p.

Composite Insurance traded with an easier bias for most of the session, but late demand erased many falls allowing some issues to close better on balance. General Accident closed a couple of pence dearer at 455p, after 450p, awaiting today's half-timer, while Royals, interim results due tomorrow, ended without alteration at 465p, after 453p. Sun Alliance finished 6 firmer at 350p, but Commercial Union, a shade dearer initially on news that the group was withdrawing from special risk business in the U.S., slipped back to close 3 cheaper on balance at 186p. Among Lloyds brokers, Hogg Robinson gained 5 to 205p on a Press suggestion that the group is involved in talks with Shearson American Express.

Among recently-issued equities, Jaguar continued to attract a brisk two-way business. Surpassing the 180p barrier proved difficult, however, and the shares, after opening easier at 178p, crept forward to 180p prior to closing at 179p.

Leading Breweries were content to mark time, the third-quarter figures from Grand Metropolitan having no effect on sentiment. Regionals highlighted Manchester-based Boddingtons which advanced 8 to 85p as a country broker's circular stimulated local suport. Elsewhere, good demand developed for Distillers, 9 better at 300p, but Matthew Clark shed a couple of pence to 377p; the latter's 21 per cent expansion in full-year profits had been discounted.

Leading Building issues marked time, but secondary issues again displayed several bright features. A. Monk gained 12 to 124p following bid speculation in Dacy Corporation, which holds a near-30 per cent stake in the former. Old takeover favourite Ibstock Johnsen firmed 4 to 221p, while fellow brick concern Blockleys rose 10 to a 1984 peak of 540p on the decision to go ahead with the construction of a new brickmaking factory and plant costing £6m. John Mowlem attracted fresh support following a favourable circular from Vickers Savory Milln, while Edward Jones continued to reflect Press comment and firmed 3 to 31p. Timber issues generally moved against the trend. Magnet and Southerns came on offer and shed 6 to 132p, but Trent Holdings met with support on takeover hopes and firmed 6 to 98p.

ICI slipped to 596p, but picked up on revived demand to close 2 dearer on balance at 602p. Among other Chemicals, Laporte firmed 5 to a high for the year of 345p, while small buying helped Anchor to improve a couple of pence to 60p. On the other hand, Allied Colloids slipped 4 to 365p; Legal and General Assurance has reduced its stake to below 5 per cent.

Fraser good again

Leading Stores remained slightly nervous in the wake of last month's 1.25 per cent decline in retail sales. Dull from the outset, most staged a modest recovery and finished a few pence above worst levels. British Home shed 4 at 212p, after 210p, while Woolworth, still unsettled by Burton's bid denial, dipped to 517p before settling 7 off on balance at 523p; Burton eased 4 more to 261p. Once again, House of Fraser provided a welcome bright spot and firmed 6 for a two-day advance of 10 to 272p as takeover speculation persisted behind the Department of Trade and Industry's report into share dealings; Lonrho hardened 2 more to 155p.

Second-line Stores continued to display an irregular profile. Speculative demand was evident for Milletts Leisure, 11 up for a two-day gain of 15 to 143p, while Arthur Henriques rose 10 to 95p on hopes of news of possible asset injections. Perennial speculative favourite L. D. and S. Rivlin were 12 better at 162p. Comment on the latest bid defence and subsequent hopes of an increased offer from John Finlan, lifted Lincroft Kilgour 3 further to 115p. In contrast, W. H. Smith "A" lacked support and dipped 6 to 134p; the preliminary results are due next Wednesday. J. Hepworth reacted to occasional profit-taking again and gave up 2 more at 280p. L and J. Dewhirst added 2 at 92p; the price shown in recent issues was incorrect.

Shoes featured renewed demand for Newbold and Burton, which improved 6 to record a two-day advance of 11 to 104p on persistent takeover hopes.

Leading Electricals traded quietly, but early falls ranging to 4 were reduced to a couple of pence at the close. Secondary issues were noteworthy for a further rise of 10 to 305p in Wholesale Fittings ahead of Friday's preliminary statement.

Leading Engineers traded on a firm note but, apart from a late upward flurry in Hawker, 14 to the good at 443p, gains were usually modest. Elsewhere, Davy Corporation advanced strongly to 36p amid speculation that Trafalgar House had built up a stake in the company before easing back to close 11 higher on balance at 34p. Matthew Hall were supported and put on 10 to 258p, while Baker Perkins continued firmly at 142p, up 4. Vosper, reflecting Press mention, improved 10 to 303p and Delta, the subject of a circular from Savory Milln, put on a couple of pence to 85p. The interim figures from IMI were well received, but disappointment with the dividend statement left the quotation 1½ lower at 79p. Birmid Qualcast gained a couple of pence to 73½p on talk that the company has a stake in Chubb, currently the subject of a bid from Racal.

Foods were firmer for choice with Rowntree Mackintosh 8 dearer at 310p and Cadbury Schweppes a penny harder at 137p. Among Retailers, William Low gained 10 to 480p in a restricted market on speculative interest. Elsewhere, British Vending Industries firmed 3 to 31p in response to the increased interim profits and dividend.

Grand Metropolitan rose 5 to 318p helped by nine-month sales figures and satisfactory third-quarter results from Grandmet U.S. Garfunkels found support and moved up 15 to 175p and Kennedy Brookes rose 10 to 235p.

BTR rise afresh

Selective support was forthcoming for miscellaneous industrial leaders. BTR, up 15 further at 485p, continued to make progress ahead of the interim figures due next month. Late demand left BOC 12 to the good at 242p, while Bowater firmed 7 to 170p and Glaxo 6 to 838p, after 830p. Unilever ended a shade firmer at 925p following the half-year figures. Elsewhere, Restmor featured with a rise of 23 to 218p in response to the preliminary results and proposed one-for-one scrip issue. Applied Computer Techniques put on 11 to 236p on news of the agreement to acquire a 50 per cent holding in Swire Engineering's wholly-owned subsidiary, Swire Systems; the latter is engaged in the business of distributing microcomputers in Hong Kong. Speculative demand left Beatson Clark 10 up at 173p. Powell Duffryn came to life with a rise of 13 to 320p, but recent speculative favourite Metal Closures ran back to 186p. United Packaging, reflecting satisfactory preliminary figures, put on 6 to 71p. J. H. Fenner, down to 120p at one stage, rallied to close unaltered at 128p; last Friday, Hawker extended its offer to August 16 and stated that it would not be justified in increasing the offer terms.

Horizon Travel, which recently received a bid approach from Grand Metropolitan, attracted fresh demand and rose 7 to 182p on rumours that Grand Met was preparing a 200p per share offer. Other takeover favourites in the Leisure sector to attract attention included GRA, up 3 at 61p, and Management Agency and Music, 6 to the good at 132p. Television issues were boosted by a sudden burst of buying. LWT "A" rose 10 to 270p and HTV N/V gained 8 to 265p.

Among Properties, Peel Holdings firmed 5 to 278p in reply to the satisfactory preliminary results, while Marlborough gained 4 to 51p on speculative interest. Bairstow Eves touched 98p following the good half-year figures and one-for-four scrip issue proposal before easing back on profit-taking to close just a penny dearer on balance at 96p. Fellow estate agents Connells firmed 5.

Modest gains were the order of the day among Textiles. Coats Patons hardened a couple of pence to 115p in belated response to the £12.5m acquisition of Schachenmayer Mann of West Germany, while Nottingham Manufacturing attracted fresh support and improved 6 to 204p. R Sallshaw responded to country buying with a rise of 2 to 33p.

BP gain ground

Favourable Press comment on short-term outlook for crude oil prices — which gained ground yesterday — encouraged a useful rally in Oils. BP were a notable feature among the majors and advanced 13 to 488p, after 488, with the shares also benefitting from the sale to Cable and Wireless of the company's 50 per cent stake in Mercury Communications. Shell rose to 626p before easing to close a net 5 to the good at 622p, while Britoil added 3 at 223p and Ultramar a like amount to 243p, the last-named following a "buy" recommendation from brokers de Zoete and Bevan.

...Lasmo were a weak spot and dropped 12 to 288p and Saxon Oil fell 25 to 345; both companies are currently involved in drilling in Block 219/30 in the North Sea. Burmah Oil attracted speculative interest on revived takeover hopes and touched 192p before easing to close 5 firmer on balance at 189p. Premier were a similar amount up at 83, after 84p.

Golds advance

A weak showing by the dollar gave a major boost to the bullion price and in turn prompted widespread gains throughout mining markets.

South African Gold shares and related issues were especially firm. Johannesburg and Continental buying interest in a market short of stock produced substantial gains throughout the list and boosted the Gold Mines index by 19.4 to 563.0 — best level since early July.

Best levels were not always held but gains in the leading heavyweights ranged to around £3½ as in Vaal Reefs, £79¾, while Randfontein put on £2 more at £87¾ and Kloof £1¾ at £33¾. Western Holdings rose £1½ to £32½ and Winkelhaak £1⅜ to £29¼.

UK Financials benefitted from a rally in domestic equities and the strong showing by the bullion price. Chartered Consolidated featured with a 9 gain at 248p following the proposed four-way merger between Mercury Securities, Akroyd and Smithers, Mullens and Rowe and Pitman, in which Charter will eventually end up with a stake of up to 8.94 per cent. Consolidated Gold Fields moved up 13 to 526p and Rio Tinto-Zinc gained 4 at 579p, while Hampton Areas edged up 3 to 185p.

FINANCIAL TIMES STOCK INDICES

	Aug. 14	Aug. 13	Aug. 10	Aug. 9	Aug. 8	Aug. 7	A year ago
Government Secs	80.37	79.95	80.08	79.10	79.05	78.58	79.73
Fixed Interest	83.14	82.86	83.26	82.62	82.50	81.63	82.28
Industrial Ord.	844.6	840.5	846.3	827.1	828.0	820.5	732.5
Gold Mines	563.0	543.6	557.2	537.9	537.6	521.0	668.6
Ord. Div. Yield	4.88	4.92	4.89	4.97	4.90	4.95	4.56
Earnings, Yld.% (full)	11.45	11.59	11.61	11.67	11.60	11.67	9.21
P/E Ratio (net) (*)	10.50	10.37	10.44	10.33	10.48	10.43	13.42
Total bargains (Est.)	18,060	19,966	90,618	16,625	18,963	19,163	25,456
Equity turnover £m.	—	281.35	405.88	279.53	273.16	346.57	358.55
Equity bargains	—	19,681	22,289	14,983	16,535	14,376	22,804
Shares traded (ml)	—	147.1	217.0	141.8	127.6	113.5	155.3

10 am 842.8. 11 am 843.3. Noon 842.5. 1 pm 840.7. 2 pm 841.0. 3 pm 844.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.08.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	82.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	153.4 (28/11/47)	50.03 (31/1/75)
Ind. Ord.	922.8 (3/5)	755.5 (25/7)	922.8 (3/5/84)	42.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug 13	Aug. 10
Daily Gilt Edged Bargains	156.2	177.2
Equities Bargains	137.6	144.4
Equities Value	568.7	814.2
5-day Average Gilt Edged Bargains	172.4	186.1
Equities Bargains	110.6	108.1
Equities Value	600.6	692.0

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Aug 14 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Mon Aug 13 Index No.	Fri Aug 10 Index No.	Thurs Aug 9 Index No.	Wed Aug 8 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (204)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (193)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	510.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (104)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (742)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	1091.8	+7.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues Aug 14	Day's change %	Mon Aug 13	xd adj. today	xd adj. 1984 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Tues Aug 14	Mon Aug 13	Year ago (approx.)
British Government			
1 Low 5 years	[illegible]	[illegible]	[illegible]
2 Coupons 15 years	[illegible]	[illegible]	[illegible]
3 25 years	[illegible]	[illegible]	[illegible]
4 Medium 5 years	[illegible]	[illegible]	[illegible]
5 Coupons 15 years	[illegible]	[illegible]	[illegible]
6 25 years	[illegible]	[illegible]	[illegible]
7 High 5 years	[illegible]	[illegible]	[illegible]
8 Coupons 15 years	[illegible]	[illegible]	[illegible]
9 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 15 years	[illegible]	[illegible]	[illegible]
13 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8 All stocks	[illegible]	[illegible]	[illegible]	—	[illegible]	15 Inflation rate 5%	[illegible]	[illegible]	[illegible]
						16 Inflation rate 10%	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Alphameric 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Amari	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Assoc Brit Ports	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Berkeley Grp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Blue Arrow	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Britannia Sec. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bush Radio 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Compsoft Hdgs. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DDT Group 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Derwent Valley Hgs. £1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Enterprise Oil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Entertain Prod Serv 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Falcon Res. 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gee-Rosen 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Great Western Res. £1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Inv. Aa Bolier	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jaguar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mayfair & City Prop 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Murray Ventures Wrrts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	PWS Intnl. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pacific Sales 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sarasota Techny 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	TDS Circuits 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Telecomputing 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tinsley (Eliza) 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Amer. Brands 13⅝% Un. Ln. 2009	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cambridge Water 13% Red. Deb. 2004	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Derwent Valley 10% Cum. Red. Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Marley 11% Deb. 2009	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Micro Bus. Sys. 8pc Uns. Ln. 1997	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide 10% 21 5.85	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 11% 15.7.85	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 12¼% 5.8.85	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	New Zealand 11⅝% 2008	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Polly Peck 6pc Cum. Cnv. Red. Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Portsmouth Water 13¼ Red. Deb. 1994	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Saatchi & Saatchi 6¾ Cv. Uns. Ln. 2010	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	TR Energy 8⅞ Cnv. Uns. Ln. '97 2001	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	York Waterworks 13⅞ Red. Deb. 1994	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
60	F.P.	[illegible]	[illegible]	[illegible]	Anvil Pet. 20p	77	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Applied Botanics Units	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	ANZ A$1	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Bluemel Bros.	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Broken Hill Prop. A$2	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Brown Shipley £1	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Falcon Res. 20p	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hill Samuel	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	LOFS Pet. Ord. 1p	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	NatWest Bank £1	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Norton D. on 10p	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Santos A0.25c	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Thorn EMI	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Unitech 10p	[illegible]	[illegible]
375	F.P.	[illegible]	[illegible]	[illegible]	Waddington (J)	440	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (47)

BRITISH FUNDS (2): [illegible]
AMERICANS (4): American Express, Bowater Inc., [illegible], Woolworth
BUILDINGS (2): Blockleys, Tilbury Group
CHEMICALS (2): Laporte Inds., [illegible]
STORES (1): [illegible]
ELECTRICALS (3): Philips Fin. [illegible], Mellerware Internatl., [illegible]
ENGINEERING (4): Hill & Smith, Lee (Arthur), [illegible]
FOODS (2): Global Group, Hunter Saphir
HOTELS (2): Garfunkels Restrs., Kennedy Brookes
INDUSTRIALS (6): Bramner, Rede Internatl., Restmor, [illegible], London United, Sedgwick, Wills Faber
NEWSPAPERS (1): Internat. Thomson
PAPER (2): [illegible]
PROPERTY (6): [illegible], Peel Hldgs., [illegible]
TRUSTS (4): English & N.Y., Fleming American, [illegible]
OILS (1): Premier Cons.
MINES (1): Kamunting

NEW LOWS (9)

ELECTRICALS (1): Scholes (G. H.)
ENGINEERING (1): Concentric
INDUSTRIALS (3): Baynes (Charles), [illegible], Parker Knoll A
OILS (2): Firstland Oil Gas, [illegible]
MINES (2): Allstate Explrn., Windsor Resources

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Hill Samuel	[illegible]	[illegible]	[illegible]
Chubb	15	[illegible]	[illegible]
ICI	14	[illegible]	[illegible]
BTR	12	470	+7
Euro. Ferries	12	[illegible]	[illegible]
Woolworth	12	[illegible]	[illegible]
Glaxo	12	832	−10
House of Fraser	11	266	+4
Jaguar New	11	179	[illegible]
Lloyd's Bank	10	[illegible]	[illegible]
NatWest Bank	10	[illegible]	[illegible]
Shell Transport	10	617	−13
Beecham	9	335	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	101	—	[illegible]
Corpns. Dom. and Foreign Bonds	25	2	52
Industrials	285	176	861
Financial and Prop.	91	80	353
Oils	38	18	56
Plantations	[illegible]	[illegible]	[illegible]
Mines	71	19	87
Others	42	51	120
Totals	664	378	1,547

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 6	Aug 17	Nov 8	Nov 19
Aug 20	Aug 31	Nov 22	Dec 3
Sept 10	Sept 21	Dec 6	Dec 17

For rate indications see end of Share Information Service.

Stocks favoured for the call included Dares Estates, Saxon Oil, Jaguar, Birmid Qualcast, G. M. Firth, Combined Technologies, Astra Industrial, Eglinton Oil and Gas, Sears, Cabib, De Beers Defd, Camford Engineering, Monarch Petroleum, Osceola, KTZ, Atlantic Resources, Lasmo, British Petroleum and Transport Development. A put was done in Eglinton, while doubles were transacted in Premier Oil, Saxon Oil and Jaguar.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Akroyd & Smithers	460	−55
BTR	485	+15
Chartered Cons.	248	+9
Commercial Union	186	−3
Davy Corpn.	34	+11
Grand Met.	312	[illegible]
ICI	602	+2
Jaguar New	179	—
LASMO	288	−12
Mercury Sec.	480	−8
Rowntree Mack.	310	+8
Shell Transport	622	+5

EUROPEAN OPTIONS EXCHANGE

Series	Vol.	Last	Vol.	Last	Vol.	Last	Stock
GOLD C / GOLD P, SILVER C / SILVER P, $/FL C / $/FL P, $/DM, ABN, AEGN, AKZO, AMRO, GIST, HEIN, HOOG, KLM, NATN, NEDL, PETR, PHIL, RD, UNIL series	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 61,809

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*488)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons Gold (*526)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*136)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*187)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C. (*219)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*318)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*604)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Sec. (*292)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp. (*119)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*622)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Barclays (*452)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp. (*161)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO (*290)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*154)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*311)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*234)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*579)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$104)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Sep.	Calls Dec.	Calls Mar.	Puts Sep.	Puts Dec.	Puts Mar.
Beecham (*338)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots (*195)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$5.95)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guest Keen (*175)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*222)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*120)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index (*1092)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Aug. 14. Total Contracts 5,817. Calls 2,499. Puts 1,318
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100⅛	99¾	Treas 12pc 1984	100	+⅛	12.00	11.22
105⅜	101⅝	Treas. 15pc 1985	102⅜	+⅛	14.65	10.13
102¼	100	Exch. 12pc Cnv. '85	100¾	+⅛	11.90	10.48
95⅛	93⅛	Treas 3pc 1985	94⅝	+⅛	3.16	10.17
102⅝	99½	Treas 11½pc 1985	100⅝	+⅛	11.39	10.35
99¼	96⅛	Treas 8¼pcCnv '85	98⅛xd	+⅛	8.89	10.38
104⅞	99⅞	Exch. 12¼pc 1985	102	+⅛	12.01	10.46
103⅛	99⅛	Exch. 11¾pc '86	101⅛xd	+⅛	11.56	10.51
102⅛	96⅛	Treas. 10pcCnv 1986	99	+⅛	10.10	10.64
91	88⅛	Treas 3pc 1986	91	+⅛	3.30	8.60
102	96⅛	Exch. 10½pc Cv '86	99⅝	+⅛	10.54	10.69
104⅛	99⅛	Treas 12pc 1986	101⅞	+⅛	11.78	10.80
98⅛	93½	Treas 8½pc 1984-86‡‡	96⅛	+⅛	0.84	10.79
108⅛	102⅛	Exch. 14pc 1986	105⅝	+½	13.25	11.00
87⅛	85	Exch. 2½pc 1986	86⅞	+¼	2.88	9.01
107⅛	100⅛	Exch. 13¼pc 1987	104⅛	+⅛	12.69	11.07
100⅜	94½	Treas 10¼pcCv '87	98¼	+⅛	10.43	11.05
86⅛	83½	Exch 2½pc 1987	85⅛xd	...	2.94	9.23
101⅛	94½	Exch. 10½pc 1987	98⅛	+⅛	10.68	11.30
92⅛	87	Funding 6½pc '85-87‡‡	89¼	+⅛	7.24	10.95
99⅜	92⅞	Treas. 10pc 1987	96¼	+⅛	10.34	11.34
85	81⅛	Treas 3pc 1987	84⅛	+⅛	3.56	9.29
105	97¼	Treas. 12pc 1987	103⅛	+⅛	11.87	11.35
94⅜	87⅛	Treas 7¾pc 1985-88‡‡	90⅛	+⅛	0.01	11.29
100⅛	92⅛	Exch 10½pc '88	96⅞	+⅛	10.84	11.52
98⅛	89⅛	Treas 9¾pc Cv '88	94⅛	+⅛	10.31	11.52
82	77	Transport 3pc '78-88	78⅛	+⅛	3.83	9.86
96⅛	88⅛	Treas. 9½pc '88	93⅛	+⅛	10.19	11.57
106⅛	94⅛	Treas 11½pc 1989	100⅛xd	+⅛	11.48	11.44
95⅛	87⅛	Treas 9½pc Cnv. '89	93⅛	+⅛	10.14	11.27
96⅛	90⅛	Treas 10½pc 1989	96⅛	+⅛	10.92	11.53
100⅛	88⅜	Exch.10pc 1989	94⅛	+⅛	10.62	11.56

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	82	−1
Craig & Rose 11	880	......
Finlay Pkg. 5p	40	......
Higsons Brew.	82	......
Holt (Jos) 25p	880	......
IoM Stm. £1	109	−1
IRISH		
Exch. 12% 1985	£96⅝	......
Nat. 9¾% 84/89	£84⅛	......
Fin 13% 97/02	£93¼	+¼
Alliance Gas	63	......
Arnott	285	−5
CPI Hldgs	85	......
Carrol Inds.	107	+6
Hall (R & H)	46	......
Heiton Hldgs	20	......
Irish Ropes	35	......
Jacob (W.& R.)	62½	......
TMG	50	......
Unidare	76¼xd	......

OPTIONS — 3-month call rates

Industrials	p
Allied-Lyons	15
BOC Grp	27
BSR	[illegible]
Babcock	[illegible]
Barclays Bank	[illegible]
Beecham	[illegible]
Blue Circle	[illegible]
Boots	[illegible]
Bowaters	[illegible]
Brit Aerospace	[illegible]
BAT	[illegible]
Brown (J)	5
Burton Ord	[illegible]
Cadburys	[illegible]
Comm Union	[illegible]
Courtaulds	11
Debenhams	14
Distillers	22
Dunlop	5
FNFC	6¼
Gen Accident	42
Gen Electric	16
Glaxo	70
Grand Met	30
GUS 'A'	55
Guardian	50
GKN	[illegible]
Hanson Tst	[illegible]
Hawker Sidd	38
Hse of Fraser	26
ICI	42
'Imps'	12
ICL	7½
Ladbroke	23
Legal & Gen	45
Lex Service	40
Lloyds Bank	50
'Lofs'	3
Lucas Inds	18
'Mams'	14
Marks & Spcr	20
Midland Bk	36
NEI	10
Nat West Bk	60
P & O Dfd	25
Plessey	20
Racal Elect	18
RHM	8
Rank Org Ord	24
Reed Intnl	40
Sears	0
TI	22
Tesco	16
Thorn EMI	55
Trust Houses	18
Turner Newall	10
Unilever	75
Vickers	14
Woolworth Hldg.	50
Property	
Brit Land	11
Cap Counties	16
Land Secs	25
MEPC	25
Peachey	17
Samuel Props	12
Sterling Guar.	4
Oils	
Brit. Oil & Min	9
Brit Petroleum	35
Burmah Oil	17
Charterhall	9
Premier	6
Shell	55
Tricentrol	20
Ultramar	60
Mines	
Charter Cons	24
Cons Gold	50
Lonrho	12
Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

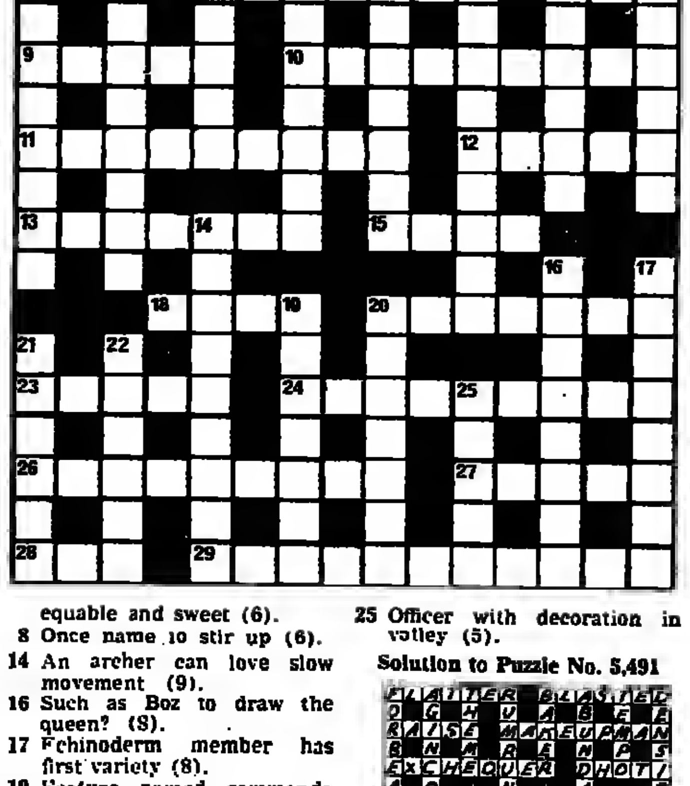
"Recent Issues" and "Rights" Page 23

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,492



ACROSS

1 American wine—drain on returning to New Guinea (11).
7, 20A, 29 Dickens' stridulator by the fireside (3, 7, 2, 3, 6).
9 Hold off outcast coming back (5).
10 Retirement drink? (9).
11 Game Cartoonist (9).
12 Second-rate tale translated? Complain (5).
13 Bird with dead rival (7)
15 Where to get a bargain in Cheshire? (4).
18 Some modicum of force in hypnotism (4).
20 See 7.
23 Purple flower has gold fastener (5).
24 A pointer for honey-guides (9).
26 Assembly in Bedford not allowed (9).
27 Tuesday in Paris you hear saviour (5).
28 Pity rake, nonetheless (3).
29 See 7.

DOWN

1 Possibly shun pearl not having acceptable shell (8).
2 Blow on 19—not said in French (8).
3 Directly opposite river God (5).
4 The remainder live outside University (7).
5 Subjugate journalists after work (7).
6 Maybe a bad girl I see in loose blouse (9).
7 Upper-class type extremely equable and sweet (6).
8 Once name to stir up (6).
14 An archer can love slow movement (9).
16 Such as Boz to draw the queen? (8).
17 Echinoderm member has first variety (8).
19 Feature named commando in Burma (7).
20 Rebellion leader goes to northern church for rhythm (7).
21 Grant to study upset arbitrator (6).
22 Few describe word after initial stammer (6).
25 Officer with decoration in volley (5).

Solution to Puzzle No. 5,491

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Managementф
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. | $11.79 | -0.01 | —
Inv. Adv: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Cont. Fund	16.0	16.7	.....	3.10
Chinese Fund	59.5	62.0	.....	1.70
Precious Metal Fund	177.9	179.0	.....	0.90
Vanguard Cmdy. Fd	26.6	22.3	.....	2.26
Financial Futures Fd	52.6	54.8	.....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Dynamic Gwth Fd | $19.20 | +0.02 | —

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd — 36 Berkeley Sq, W1X 5DA. 01-499 6634				
M'hall Mny Fd	10.16	11.23	Qtr	Call
The Money Market Trust — 63 Qn Victoria St, EC4N 0ST. 01-236 0952				
Call Fnd.	11.30	11.66	.....	Call
7-day Fnd.	11.87	12.29	.....	7-day
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.00	11.38	6-mth	Call
7-day Fund	11.83	12.17	6-mth	7-day
Money Mngt. Acct.	10.93	11.39	7-mth	Call
Dollar	10.62	10.90	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6030				
Treasury Acc	10.625	11.05	Qtr	Call
Monthly Acc	10.5	11.02	Mthl	Call
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	10.75	11.30	Mthl	Call
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	70.30	Qtr	Call
Britannia Grp of Investment Companies — 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	10.75	11.24	Mthl	Call
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 1 0H. 01-248 3999				
Sterling	11.00	11.57	Mthl	Call
U S Dollar	11.115	11.15	Mthl	Call
German Marks	5.00	5.19	Mthl	Call
Swiss francs	1.00	1.019	Mthl	Call
Japanese Yen	5.00	5.19	Mthl	Call
Choulartons — 30 Ashley Rd, Altrincham, Cheshire, WA1 20W 061-928 9011				
Cheque Acc	11.73	12.40	Mthl	Call
Co-operative Bank — 78-80 Cornhill EC3 01-626 6543 Ex 464				
Cheque & Save	8.50	8.77	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE. 0803 867271				
Money Mkt Acc	10.25	10.66	Qtr	Call
Lombard North Central PLC — 17 Bruton St, W1A 1 0H. 01-409 3434				
Notice Dep	11.25	11.57	Rate	14-day
M & G/Kleinwort Benson — 01-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc.	10.80	11.40	Daily	Call
Midland Bank plc — PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	10.50	10.93	Qtr	Call
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. 0708 66966				
High Int. Std Acc.	9.98	10.50	Daily	Call
Premier Acc.	9.98	10.50	Daily	Call
Tyndall & Co — 29-73 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	11.50	11.97	Qtr	Call
Money Acc.	11.25	11.79	Qtr	Chq 7
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.175	11.71	Mthl	Call
Over £10,000	11.375	11.99	Mthl	Call

NOTES:—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Soviet grain import estimates raised

By Nancy Dunne

WITH SOVIET buying in the U.S. grains markets apparently slowing, the U.S. Department of Agriculture issued a report on Monday raising to 43m tonnes its estimates of Soviet grain imports for 1984-85.

In its world agricultural supply and demand estimates report it forecast Soviet wheat imports at a record 24m tonnes. It predicted feed imports at 18m tonnes, the highest level in three years. The rest of the imports will be miscellaneous crops.

Heavy Soviet buying is expected to boost U.S. feed grain exports for 1984-85 to their highest in four years — 60.6m tonnes, up 3.8m tonnes from last month's estimate.

So far Moscow has bought 6.1m tonnes of U.S. maize and 975,000 tonnes of wheat for delivery in the second year of the long-term agreement between the two nations.

A department official said buying seemed to be trailing off by the end of last week, indicating this round of purchases might be ending.

Partly because of heavy Soviet buying, the department raised its estimates of seasonal average prices for wheat, maize, barley and grain sorghum.

Department analysts projected seasonal average maize prices at \$2.70 to \$3.05 a bushel. Wheat prices are expected to range between \$3.30 and \$3.55 a bushel.

The department said wheat production hitherto, and that Canada, suffering severe drought, might harvest its smallest crop for four years.

Stockpile law could boost U.S. copper

BY NANCY DUNNE IN WASHINGTON

LEGISLATION is on its way for signature to President Ronald Reagan which would alter purchasing priorities for the U.S. defence stockpile and boost the sagging fortunes of the domestic copper industry.

A provision in the Treasury Authorisation Bill, approved by a House-Senate conference committee, raises stockpile funding levels for financial 1985 from \$120m (£92m) to \$185m.

The measure also contains a buy-American clause. This requires stockpile managers to buy strategic commodities from U.S. producers if mined in the U.S.

Several western senators who backed the measure said they were assured by the Federal Emergency Management Agency (Fema), which oversees the stockpile, that some of the expanded funding would be used to buy copper.

While copper is not on the agency's priority metals list, it is 70,000 short tonnes below the minimum desired level established by Fema.

Testifying for the measure, Senator Carl Levin, a Michigan Democrat, said he had been by the director of Fema a list of eight commodities to be bought in financial 1985 if funding were expanded. He said copper was on the list and was the largest by quantity and value.

Senator Gordon Humphrey, a New Hampshire Republican, said: "It is my understanding that a portion of these new funds will be used to acquire copper, which is currently a third-tier priority . . . Today's price for copper is a bargain for the Federal Government. There is truly no better time than now to purchase this strategic material."

The buy-American provision was a necessity, according to Senator Dennis Deconcini, an Arizona Democrat. He blamed the plight of the U.S. industry on foreign overproduction.

He said Fema's ability to buy on the world market was essential to acquire metals that were unavailable in the U.S. but when the materials were readily available and could be obtained without sacrificing economy or quality, it was incumbent on the agency to buy domestically.

April date set for tea pact

AN INTERNATIONAL agreement on minimum export prices for tea, and promotion of good quality teas, is likely to be announced next March or April, Mr N. K. Daga, president of the Tea Association of India, told Reuters in Calcutta.

He said India, Sri Lanka and China held official talks in the past two months to work out how to regulate supplies and prices on the world market.

The Commerce Ministry noted that talks in Geneva seeking an international tea pact collapsed because Kenya opposed export quotas. It said, however: "We hope Kenya will join in the proposed marketing arrangement between the three countries as we are not insisting on export quotas."

India and Sri Lanka recently withdrew from the International Tea Promotion Association.

Cocoa rises sharply on futures market

COCOA PRICES on the London futures market moved sharply higher yesterday following the strong tone in New York overnight.

Dealers said the rise, which widened the premium for September delivery over December by £11 to £174.50 a tonne, was also influenced by renewed concern at the availability of nearby supplies. They said buyers were still awaiting delivery of shipments from Nigeria.

The September futures position reached a peak of £1,890 a tonne before closing £40 up on the day at £1,877 a tonne. The December position ended £29 up at £1,702.50 a tonne.

● The European Commission granted export licences on 43,500 tonnes of white sugar at yesterday's weekly tender in Brussels. The maximum export rebate was set at 42.098 European Currency Units per 100 kilos.

● SUGAR harvesting in Australia was nearly 30 per cent complete after a return to fine weather in all district enabled a record seasonal crush last week, the Australian Sugar Producers' Association said in Brisbane. The sugar content of cane crushed was well above low levels last year, it said.

● LOANS: The Agricultural Mortgage Corporation yesterday announced a cut in its interest rate for all new variable rate loans from 13¼ per cent to 13 per cent. Fixed-rate loans will continue at 14¼ per cent. Existing variable-rate loans will be reviewed on September 1 if reviewed quarterly and on December 1 if reviewed half-yearly.

Southern Hemisphere fills apple and pear market gap

BY A SPECIAL CORRESPONDENT

THE 400,000 tonnes of apple and pear imports Britain is estimated to need this year to make up a deficiency in home production will come mainly from the Southern Hemisphere countries of South Africa, Australia, New Zealand, Chile and Argentina.

The pattern of South Hemisphere supplies to the British market is continuing to change even after the decade of adjustment it has undergone since the UK joined the European Economic Community in 1973. Australia's contribution to that change has been the most radical.

In 1974, it shipped 3.15m 18-kg boxes of apples to Europe, including 1.8m to Britain. By last year the European consignments had shrunk to 566,000 boxes. Britain's share being 454,689 or about 8,200 tonnes.

Australia's deliveries of pears to Europe last year totalled 289,000 boxes, compared with 949,000 in 1974. South Africa, New Zealand, Argentina and Chile have all stepped into maintain or extend their share of the European market, filling gaps left by Australia's retreat.

What sent Australia's sales plummeting while the others stayed up was the cost of freight. Australia is twice as far from the market as all the other countries except New Zealand.

However, New Zealand has a marketing board which handles the country's fruit exports collectively and can thus charter whole ships. It has been more effective therefore in reducing freight costs than Australia, where individualism and private trading prevail.

With promotional efforts reminiscent of the campaigns waged in the UK before Britain joined the EEC, and with help from the health-food boom, Australia's apple and pear industry has developed the home market spectacularly.

BRITISH fruit-growers are to boost apple output, to fulfil what they see as unsatisfied demand for UK varieties, writes Andrew Gowers.

The Apple and Pear Development Council, a government-appointed research and promotion organisation, is studying schemes to raise yields by about 20 per cent in the next five years and to provide British fruit for more months of the year.

Projected UK annual demand for apples and pears is 750,000 imperial tons. Domestic growers aim to supply an average 330,000 tons of this.

This year's crop is expected to be lower than last, because of dry weather. Supplies of the main dessert apple, the Cox, may be down about 20 per cent. This fall will be offset partly by an increased Bramley cooking apple crop of 110,000 tons from last year's 97,000 tons.

Growers are not too concerned about Southern Hemisphere imports because these are relatively dear and tend to arrive when UK supplies taper off in the spring.

Its total exports of apples fell from 4.1m boxes in 1974 to fewer than 2m last year, with a somewhat smaller contraction for pears. Yet production has remained more or less static over the period, averaging about 16.5m boxes of apples and 7m of pears.

Besides selling more at home, Australia has diverted supplies from Europe into such other outlets as Singapore, Malaysia and the Middle East. Last year it sent 64 per cent more to those three destinations than 10 years ago and 73 per cent more than to the whole of Europe in 1983.

Australia would have achieved further penetration of Eastern markets but for import bans by Indonesia and Taiwan and currency restrictions in the Philippines.

Largely because of drought Southern Hemisphere apple exports to Europe last year fell 23 per cent below the average for the previous five years. The present British shortage, though coinciding with a flood of apples on the Continent, comes in a year when stocks have been low enough to suck in more fruit from the Southern Hemisphere and the U.S.

Figures are not yet complete but South Africa is believed to have shipped more than 9m boxes to Europe this year, compared with 5.8m last year and an average for the decade before that of 6.5m.

American apples, and especially Red Delicious, are having an "on" year. Their competitiveness in Europe has been sharpened by the perfecting of controlled atmospheric-storage methods for their ships by which fruit emerges from the hold as though straight off the tree.

Since the EEC countries in effect closed ranks against them, Southern Hemisphere exporters have acquired some solidarity of their own under an organisation called SANZA.

India plans jute goods export subsidy

CALCUTTA — The Indian Government plans to subsidise jute goods exports to match the price of those from Bangladesh and of cheaper foreign synthetic products, according to Mr K. K. Bajoria, chairman of the Indian Jute Mills Association.

He said the proposed subsidy scheme, likely to be confirmed in about a month, would compensate exporters for losses on overseas sales. A special tax on domestic jute goods sales would finance the scheme.

The state-owned Jute Manufacturers Development Council collects about Rs 70m a year from the industry to finance research and development.

Mr Bajoria said: "We expect at least 50 per cent of the funds will be available as an export subsidy from this year."

The proposed subsidy will not affect an existing official scheme which partly reimburses exporters' costs.

Mr Bharat Jalan, vice-chairman of the association, said Bangladesh, the second-largest jute-producer after India, exported jute goods which cost 10 to 15 per cent less because of lower costs for raw jute and labour.

He said Indian jute goods also faced tough competition from low-priced U.S. synthetics. He said the proposed subsidy would help India to raise exports of jute goods by up to 50,000 tonnes more each year.

India's jute goods exports target is officially set at 300,000 tonnes to 350,000 tonnes in the year to June 1985, up from a strike-affected 235,000 tonnes in 1983-84. Uncertain domestic raw jute supplies, however, may reduce production and exports. Reuter

PRICE CHANGES

In tonnes unless stated otherwise	Aug. 14 1984	+ or —	Month ago
Metals			
Aluminium	£1100		$1100
Free Mkt	$1206/1235	+26	$1185/215
Copper			
Cash h Grade	£1015.5	+0.5	£1064.75
3 mths	£1035.25	+1	£1023.75
Cash Cathode	£1031	+0.5	£1006.0
3 mths	£1037.25	+3.25	£1025
Gold troy oz	$354.75	+13.5	$346.5
Lead Cash	£356	+2.25	£381.50
3 mths	£353.75	+1	£375.75
Nickel	£5206		£5202
Free Mkt	212/238c		208/218c
Palladium oz	$130.60	+1.25	$138.75
Platinum oz	$343.70	+8.25	$343.50
Quick Silver†	$300/310		$295/305
Silver troy oz	597.85p	+17.85	502.85p
3 mths	613.00p	+18.15	578.15p
Tin cash	£9300	-110	£9415
3 mths	£9309.5	-105	£9349.5
Tungsten	$86.56		$86.23
Wolfram 22.04lb	$77/81	+1	$81/86
Zinc	£638.5	-7	£656
3 mths	£647.75	-6.5	£658.25
Producers	$888		$890

	Aug. 14 1984	+ or —	Month ago
Oils			
Coconut (Phil)	‡		$1425
Groundnut	‡		$1060
Linseed Crude	‡		‡
Palm Malayan	$560z		$680
Seeds			
Copra Phil	$690v		[illegible]
Soyabean (U.S.)	$275.75z		[illegible]
Grains			
Barley Fut.Nov.	£109.15	-0.15	£109.35
Maize	£150.75	+1.25	
Wheat Fut.Nov.	£110.00	-0.05	£111.00
No.2 Hard Wint	‡		
Other commodities			
Cocoa ship't*	£2007	+64	£1830
Futures Dec	£1702.5	+29	[illegible]
Coffee Ft. Nov	£2329.5	+8	£2248
Cotton A Index	76.75c		78.00c
Gas Oil Sept	$250.75	+0.5	$233
Rubber (kilo)	64.0p	-0.5	67p
Sugar (raw)	$121	-3	$132
Wool tops 64s	466p kilo		470p kilo

‡ Unquoted. w Oct. z Sept. v Sept-Oct. u Aug-Sept. y July-Aug. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.65-27.80	+0.02
Dubai Fateh	27.00-27.20	-0.19
Arab Heavy	26.50-26.60	-0.15
North Sea (Forties)	27.85-28.50	-0.25
North Sea (Brent)	27.95-28.50	+0.05
African (Bonny Lt ht)	28.55	+0.55
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	264-268	+1
Gas oil	225-230	-0.5
Heavy fuel oil	170-178	—

GAS OIL FUTURES

Prices opened around a dollar higher and remained steady through the morning, supported by trade buying. Later in the day the market moved higher again as New York strengthened.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Aug	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]

Turnover: 2,782 (1,363) lots of 100 tonnes.

GOLD MARKETS

Gold rose \$10 to \$354½-355 on the London bullion market yesterday, as a result of short covering in New York following publication of the U.S. retail sales figures for July. The metal opened at \$347-347½ and was fixed at \$348.50 in the morning, and \$354 in the afternoon. It rose to a peak of \$356-356½, and touched a low of \$346½-347½.

In Paris the 12½ kilo gold bar was fixed at FFr 99,300 per kilo (\$347.65 per ounce) in the morning, compared with FFr 98,800 (\$343.27) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,665 per kilo (\$349.51 per ounce), against DM 32,370 (\$344.98) previously, and closed at \$353¼-354¼ compared with \$343-343½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of \$348.50 per ounce against \$342.75.

In Zurich gold finished at \$353-353½, compared with \$342½-343.

LONDON FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ per troy ounce		
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]

	Aug. 14	Aug. 13
Gold Bullion (fine ounce)		
Close	$354½-355	$344½-345
Opening	$347-347½	$343-343½
Morning fixing	$348.50	[illegible]
Afternoon fixing	$354	[illegible]
Gold and Platinum Coins Aug. 14		
Krugrnd	[illegible]	
½ Krug	[illegible]	
¼ Krug	[illegible]	
1/10 Krug	[illegible]	
Mapleleaf	[illegible]	
Angel	[illegible]	
1/10 Angel	[illegible]	
New Sov	[illegible]	
½ New Sov	[illegible]	
King Sov	[illegible]	
Victoria Sov	[illegible]	
French 20s	[illegible]	
50 Pesos Mex	[illegible]	
100 Cor Aust	[illegible]	
$20 Eagles	[illegible]	
Noble Plat	[illegible]	

EUROPEAN MARKETS

ROTTERDAM, August 14.

Wheat—(US$ per tonne). U.S. No. 2 Soft Red Winter: Sept 155, Oct 158, Nov 161, Dec 163. U.S. No. 2 Northern Spring, 14 per cent protein: Aug 182, Sept 170, Oct 171, Nov 174, Nov 19/ [illegible]. U.S. Northern Spring, 15 per cent: [illegible]. U.S. No. 3 Hard Amber Durum: [illegible]. Canadian No. 1 Western Amber Durum: [illegible].

Maize—(US$ per tonne). U.S. No. 3 Yellow: Afloat [illegible], Aug 151, Sept 146, Oct/Dec 136.50, Jan/March 141 sellers. Argentine Plate: Afloat 159, Aug 158, Sept 161 sellers.

Soyabeans—(U.S.$ per tonne): [illegible].

Soyameal—(US$ per tonne): 44 per cent: [illegible]. Pellets, Brazil: [illegible]. Pellets, Argentine: [illegible].

PARIS, August 14.

Sugar—(FFr per tonne): Oct 1,310-1,311, Dec 1,331-1,340, March 1,391-1,392, May 1,430-1,434, August 1,500-1,520, Oct 1,540-1,580.

Cocoa—(FFr per 100 kg): Sept 2167-2187, Dec 1963-1964, March 1928 bid, May 1940 bid, July 1950 bid, Sept 1950 bid, Dec 1970 bid.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were quietly mixed on the London Metal Exchange, reflecting the strong showing by sterling against the dollar. Copper moved narrowly and closed the late Kerb at £1,034.5, while Lead and Zinc were finally £351.25 and £648 respectively. The sharp rise in sterling boosted Tin which retreated from an opening £9,370 in the afternoon Kerb at £9,625; buffer stock support was evident in initial trading but was withdrawn during the afternoon.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	1013.5-4	[illegible]	1018-6	[illegible]
3 months	1035.5	[illegible]	1035.0	[illegible]
Settlem't	1014	[illegible]	—	
Cathodes				
Cash	1026-8	[illegible]	1030-2	[illegible]
3 months	1034-6	[illegible]	1036.5-8	[illegible]
Settlem't	1028	[illegible]	—	

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,014, three months £1,036, 36.5, 36, 35, 34.5, 34, 33, 33.5. Cathodes: Cash £1,024, 25, 26, three months £1,033. Kerb: Higher Grade: Three months £1,034, 34.5. Afternoon: Higher Grade: Three months £1,036, 37, 36.5, 36, 35.5. Kerb: Higher Grade: Three months £1,035, 35.5, 35, 34, 33, 34, 34.5, 35. Turnover: 19,375 tonnes. U.S. Producers: 64.625-67.00 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	9405-10	-77.5	9360-70	-115
3 months	9360-70	-77.5	9310-20	-115
Settlem't	9410	-85	—	
Standard				
Cash	9405-10	-77.5	9360-70	-115
3 months	9340-60	-85	9300-5	-105
Settlem't	9410	-85	—	
Straits E.	$29.15	[illegible]	—	

Tin—Morning: Standard: £9,400, 7, 10, three months £9,350, 30, 40. Kerb: Standard: Three months £9,340. High Grade: Three months £9,370. Afternoon: Standard: Three months £9,320, 25, 20, 10, 9,300. High Grade: Cash £9,350, 70, three months £9,345, 40, 35, 40. Kerb: Standard: Three months £9,300, 8,290, 80, 85, 80, 70. Turnover: 3,065 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	355.5-6	[illegible]	354.5-5.5	[illegible]
3 months	356.75-7	[illegible]	353.5-4	[illegible]
Settlem't	356	[illegible]	—	

Lead—Morning: Cash £355, 55.5, 57. Kerb: Three months £357, 56.5. Afternoon: Three months £355, 57, 56, 55, 54, 53, 53.5. Kerb: Three months £354, 53, 52, 51.5, 51, 50, 49.5, 50, 50.5, 51, 51.5. Turnover: 26,175 tonnes. U.S. Spot: 29.00-32.00 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	643-4	[illegible]	638-9	[illegible]
3 months	653-4	[illegible]	647-8	[illegible]
Settlem't	644	[illegible]	—	

Zinc—Morning: Cash £644, three months £653, 54. Afternoon: Three months £653, 52, 51, 50, 49.5, 49, 48, 47, 47.5. Kerb: Three months £648, 47, 46, 45.5, 47. Turnover: 21,450 tonnes. U.S. Prime Western: 48.50-50.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	880-1	[illegible]	877-8	[illegible]
3 months	903-4	[illegible]	900-.5	[illegible]

Aluminium—Morning: Three months £906, 4.5, 4, 2.5, 3. Kerb: Three months £903. Afternoon: Three months £902, 2.5, 2, 1.5, 1, 900.5, 900, 900.5, 900, 99, 97, 97.5, 98. Turnover: 24,350 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3595-600	-17.5	3580-90	[illegible]
3 months	3690-1	-11.5	3688-3	-11

Nickel—Morning: Three months £3,680, 95, 92, 90. Kerb: Three months £3,690. Afternoon: Three months £3,680, 81, 80, 85, 83. Kerb: Three months £3,680, 70. Turnover: 1,212 tonnes.

SILVER

Silver was fixed 17.85p an ounce higher for spot delivery in the London bullion market yesterday at 587.85p. U.S. cent equivalents of the fixing levels were: spot 787.1c, up 28.5c; three-month 810.1c, up 29.5c; six-month 834.4c, up 31.6c; and 12-month 884.5c, up 33.6c. The metal opened at 581-584p (777-780c) and closed at 601-604p (797-800c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	587.85p	+17.85	599.50p	[illegible]
3 months	615.00p	+18.15	615.50p	[illegible]
6 months	627.75p	[illegible]	—	
12 months	[illegible]	[illegible]	—	

LME (2,000 oz contract): Cash 599.50p (585.25p); three months 615.50p (600.75p). Turnover: [illegible].

Turnover: 112 (88) lots of 10,000 ozs. Morning: Large 3m 615, three months 615, 2nd Ring three months 613.5, 13, 13.5, 14. Afternoon: Large 1st Ring three months 615, 16.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.0 per cent, $ per tonne, in warehouse 3,280-3,380.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse [illegible].

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 1.23-1.27, sticks 1.25-1.30.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse [illegible].

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse [illegible].

MOLYBDENUM: European free market, drummed molybdic oxide, $ per pound Mo, in warehouse: 3.70-3.80.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse: [illegible].

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 77-81.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, [illegible].

Producer list prices for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam, 1,760.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, in warehouse, 4.80.

COBALT: World: Zaire: Sozacom, $ per pound, 12.60.

NICKEL: World: Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world, [illegible].

URANIUM: Nuexco exchange value, $ per pound U_3O_8 [illegible].

VANADIUM: Highveld fused, min 98 per cent V_2O_5, $ per pound V_2O_5, cif, [illegible].

ZINC: GOB producer basis, $ per tonne, 960.

COCOA

Futures surged ahead in active trading and moved through limit up on near September levels which were maintained to the close reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1870-78	+40.0	[illegible]
Dec	1702-03	+29.0	[illegible]
March	1670-71	+19.0	[illegible]
May	1675-80	+19.0	[illegible]
July	1680-83	+19.0	[illegible]
Sept	1701-03	+20.0	[illegible]
Dec	1690-01	+10.0	[illegible]

Sales: 5,884 (1,640) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound) for August 13: Comp daily 1979 142.06 (142.24); 15-day average 139.00 (138.42).

COFFEE

In moderate volume values fluctuated within a £13-£20 range in active contracts reports Drexel Burnham Lambert. Steadier sterling prompted a weaker re-opening but a firmer New York market encouraged a rally to the day highs. Profit-taking trimmed gains slightly but evidence of underlying support kept prices steady.

COFFEE	Yesterday's Close	+ or —	Business Done
Sept	2320-22	[illegible]	2330-10
Nov	2328-30	[illegible]	2340-21
January	2245-50	[illegible]	[illegible]
March	2185-88	[illegible]	[illegible]
May	2082-84	[illegible]	[illegible]
July	2059-60	[illegible]	[illegible]
Sept	2015-20	[illegible]	[illegible]

Sales: 2,810 (1,638) lots of 5 tonnes.

GRAINS

Wheat "A" market remained under pressure in slightly better trading conditions to drop 80p-85p on good quality harvest reports. Wheat "B" also reached 80p down on high yield prospects but profit-taking rallied the market late in the day to close at the highs. Barley saw a good switch trade but remained in a narrow range a little easier, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
Sept	106.75	[illegible]	105.85	[illegible]
Nov	110.00	[illegible]	109.15	[illegible]
Jan	113.80	[illegible]	110.40	[illegible]
Mar	116.30	[illegible]	[illegible]	[illegible]
May	119.10	[illegible]	117.70	[illegible]
July	121.80	[illegible]	—	

Business done—Wheat: [illegible]. Sales: [illegible]. Barley: [illegible].

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 15 per cent Sept 141.25, Oct 141, Nov 143.25, Dec 147.50 transhipment East Coast. English feed fob [illegible]. Maize: U.S. No 3 Yellow/French [illegible] transhipment East Coast. Barley: English feed fob [illegible] sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed wheat: [illegible]. Feed barley: [illegible]. The UK monetary coefficient for the week beginning Monday, August 20 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged at 0.990.

PIGMEAT

Prices moved higher in light volume, as speculative buying triggered short-covering. Values closed on the highs, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business Done
	p. per kilo (deadweight)		
Oct	121.50	[illegible]	[illegible]
Nov	122.50	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]

Sales: 63 (24) lots of 50 carcases 3,250 kilos.

POTATOES

Continued buying interest quickly pushed futures prices up by some £5.00 during morning session. Once profit-taking was complete, confidence rapidly faded and these levels could not be sustained, with substantial selling towards the close knocking prices below previous day by £2.00, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]

Sales: 881 (482) lots of 40 tonnes.

SOYABEAN MEAL

The market opened 50p-£1.00 higher in quiet conditions reports T. G. Roddick. Prices later moved back and closed unchanged.

SUGAR

LONDON DAILY PRICE—Raw sugar \$121.00 (£89.00), [illegible] a tonne for August-September delivery. White sugar \$150.50, [illegible]. Prices [illegible] trading conditions, reports C. Czarnikow.

No. 6 Con-tract	Yesterday's close	Previous close	Business done
	$ per tonne		
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]

Sales: No. 6 2,332 (3,247) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £196.00 (£194.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for August 13: Daily price 3.84 (3.80); 15-day average 4.20 (4.24).

INDICES

FINANCIAL TIMES

Aug. 13	Aug. 10	M'th ago	Year ago
300.44	298.87	298.09	284.56

(Base: July 1 1952 = 100)

REUTERS

Aug. 15	Aug. 10	M'th ago	Year ago
1873.5	1870.8	1910.3	1923.3

(Base: September 18 1931 = 100)

MOODY'S

Aug 10	Aug 9	M'th ago	Year ago
1016.2	1013.3	1037.0	1080.6

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Aug. 10	Aug. 9	Month ago	Year ago
Spot	132.32	130.07	136.95	144.24
Fut	130.14	129.76	130.1	148.75

(Base: December 31 1974 = 100)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 147 tonnes. Minor replacements were required for some [illegible] delivery. Scattered operations were mentioned in Russian type, while African growths were supported in numerous directions.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business): Australian cents per kg. Oct 564.0, 565.0, 565.0; [illegible]. Sales: [illegible].

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business): [illegible]. Sales: 107.

RUBBER

FUTURES—Close (in order: buyer, seller, business). RSS No 1, £ per tonne. Sept 640, 665, untraded; Oct 660, 670, untraded; Nov 665, 670, untraded; Dec 665, 673, untraded; Jan 673, 680, untraded; Feb 680, 690, untraded; March 700, 730, untraded; April 710, 735, untraded; May 720, 745, untraded; Oct/Dec 665, 672, 672-665; Jan/March 680, 698, 699 only; April/June 715, 745, untraded. Sales: 1 (1) lots of 5 tonnes, 3 (0) lots of 15 tonnes.

PHYSICALS—The London market opened slightly steadier, attracted little follow through interest throughout the day and closed quiet and on an easier note, reports Lewis and Peat. Closing prices (buyers): Spot 64.00p (64.50p); Sept 72.25p (72.50p); Oct 73.75p (74.00p). The Kuala Lumpur September fob prices for RSS No 1 was 211.0 (209.5) cents a kg and for SMR 20 205.5 (205.5).

MEAT/FISH

COVENT GARDEN — Prices for the bulk of produce, in sterling per package unless otherwise stated: English produce: Apples—Per pound, Bramley new crop 0.20-0.24, Grenadier 0.08-0.09, Howgate 0.14-0.19, Discovery 0.20-0.32. Plums—12-lb, Early River 1.50-1.60, Czar 1.60-2.00. Strawberries—½-lb 0.50-0.70. Raspberries—½-lb 0.30-0.40. Loganberries—½-lb 0.20-0.25. Blueberries—½-lb punnet 0.60-0.80. Blackberries—½-lb 0.30-0.35. Black currants—½-lb [illegible]. Potatoes—Per bag 56-lb 2.60-3.40. Mushrooms—Per pound, open 0.60-0.75, closed 0.80-0.90. Lettuce—Per tray round 1.20-1.30, Cos dozen 1.50-1.60, Webb's 1.40-1.50; Iceberg 12's 4.00, 15's 3.50. Carrots—28-lb new crop 1.00-1.60. Greens—Primo 1.40-1.60. Tomatoes—Tray 12-lb 2.60-2.80. Sugar peas—1.20-1.80. Cucumbers—Tray 0.90-1.40.

AMERICAN MARKETS

NEW YORK, August 14

Copper prices were slightly higher as arbitrage support was spotty due to abrupt changes in the value of the British pound vis a vis the dollar. Aluminium prices were fractionally higher mostly on light commission house support as fast moves in outside markets discouraged trade then promoted trading. Sugar prices moved fractionally higher on light [illegible]. Cocoa prices were moderately higher in reaction of an over-sold position to the positive psychology of financial markets spilled over. Coffee prices were firm to strong on continuous concern over spot supplies and concern of a potential quota cut. Cocoa prices also advanced on rumours that Nigerian shipments are being delayed and that pod rot incidence is on the increase. Soyabeans led the grains with another spectacular advance based on continuing deterioration in crop prospects. Maize advanced moderately while wheat fractionally as local traders pressed the market on rallies. Heating oil traded strong ahead of an industry stock report and on indications of the Opec committee meeting in late September, reports Heinold Commodities.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb; COCOA 10 tonnes, $/tonnes; COFFEE "C" 37,500 lb, cents/lb; COPPER 25,000 lb, cents/lb; COTTON 50,000 lb, cents/lb; CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels; GOLD 100 troy oz, $/troy oz; HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons; ORANGE JUICE 15,000 lb, cents/lb; PLATINUM 50 troy oz, $/troy oz; SILVER 5,000 troy oz, cents/troy oz; SUGAR WORLD "11" 112,000 lbs, cents/lb.

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb; LIVE HOGS 30,000 lbs, cents/lb; MAIZE 5,000 bu min, cents/56lb-bushel; PORK BELLIES 38,000 lbs, cents/lb; SOYABEANS 5,000 bu min, cents/60lb-bushel; SOYABEAN MEAL 100 tons, $/ton; SOYABEAN OIL 60,000 lbs, cents/lb; WHEAT 5,000 bu min, cents/60lb-bushel.

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SPOT PRICES—Chicago loose lard 26.50 cents per pound. New York tin [illegible] cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar recovers from days's low

The dollar managed to recoup some of the day's losses in currency markets yesterday but still finished down from Monday'e closing levels. A fall of 0.9 per cent in U.S. retail sales compared with market expectations of a rise of up to 0.5 per cent *prompted a sudden movement* out of dollars. It showed some resistance around the DM 2.86 level against the D-mark however and intergention by the U.S. Federal Reserve Board to drain liquidity through matched sales prompted a recovery. Nevertheless the dollar closed at DM 2.8880 down from DM 2.9140 and SwFr 2.4219 compared with SwFr 2.4500.

It was also lower against the yen at Y241.60 from Y244.05 and FFr 8.86 against FFr 8.9425. On Bank of England figures, the dollar's trade-weighted index fell to 136.4 from 137.8.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3020. July average 1.3210. Trade-weighted index 78.8 against 78.8 at noon and 78.6 in the morning and compared with 78.5 on Monday and 81.8 six months ago.

Sterling benefited from the dollar'e decline to finish over one cent better. It showed mixed changes against European currencies however. The prospect of another reduction in UK clearing bank base rates failed to have any noticeable effect. The pound closed at $1.3180-1.3190, a rise of 1.3c but eased in terms of the D-mark to DM 3.8050 from *DM 3.8075. It was higher against* the French franc at FFr 11.71 compared with FFr 11.6625 and Y319.75 from Y318.50 but slipped in terms of the Swiss frane to SwFr 3.1925 from SwFr 3.20.

D-MARK — Trading range against the dollar in 1984 is 2.8145 to 2.5535. July average 2.8473. Trade-weighted index 123.7 against 125.4 six months ago.

The Bundesbank did not intervene when the dollar fell to DM 2.8951 from DM 2.8175 at the Frankfurt fixing. The dollar met with heavy resistance above DM 2.90 and then moved within a fairly narrow range, before falling back on news of a drop of 0.9 per cent in July U.S. retail sales, compared with expectations of e rise in the region of 0.5 per cent. Sterling fell to DM 3.8110 from DM 3.8140, and the Japanese yen to DM 1.1930 per 100 yen from DM 1.1975. Among members of the EMS the Dutch guilder rose to DM 88.77 per 100 guilders from DM 88.76, while the French franc was unchanged at DM 32.580 per 100 francs, and the Belgian franc fell to DM 4.9480 per 100 francs from DM 4.95.

ITALIAN LIRE — Trading range against the dollar in 1984 is 1792 to 1591. July average 1748.60. Trade-weighted index 47.9 against 48.4 six months ago.

The lira showed mixed chenges at the Milan fixing, gaining ground against the dollar and yen, but weakening against sterling and most members of the EMS. The Bank of Italy bought *$20m of the $32m* traded officially at the fixing as the dollar fell to L1785 from L1793. At the same time the yen declined to L7.349 from L7.366. There was no official intervention as the D-mark rose to L615.99 from L614.75. Within the EMS the French frane improved to *L200.79 from L200.35*; the guilder to L547.10 from Y545.89; and the Irish punt to L1,900.50 frem L1,894. On the other hand the Belgian frane fell te L30.395 from L30.441. Sterling rose to L2,345 from L2,344.05, and the Swiss frane to L732.13 from L730.62.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.2717	+0.83	+0.82	±1.5447
Danish Krone ...	8.14104	8.15753	+0.20	+0.18	±1.6425
German D-Mark	2.24184	2.24240	+0.02	+0.01	±1.0642
French Franc ...	6.87456	6.88273	+0.12	+0.11	±1.4052
Dutch Guilder ...	2.52595	2.52522	−0.03	−0.04	±1.4864
Irish Punt	0.72569	0.727233	+0.21	+0.20	±1.6599
Italian Lira	1403.49	1381.58	−1.56	−1.88	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York Latest

	Aug. 14	Prev. close
Spot	$1.3195-3205	$1.5185-3195
1 month	0.13-0.17 dis	0.09-0.11 dis
3 months	0.51-0.56 dis	0.43-0.46 dis
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the U.S. dollar.

OTHER CURRENCIES

Aug. 14	£	$		£ Note Rates
Argentina Peso...	88.75-88.92	66.97-67.03	Austria	26.60-26.90
Australia Dollar	1.5685-1.6716	1.1850-1.1860	Belgium	77.30-78.10
Brazil Cruzeiro...	2,586.0-2,601.3	1,951-1,961	Denmark	13.78-13.92
Finland Markka	7.9635-8.0020	6.0300-6.0400	France	11.62-11.75
Greek Drachma	151.60-152.00	116.40-116.70	Germany	3.78½-3.82½
Hong Kong Dollar	10.36¼-10.37¼	7.8335-7.8365	Italy	2325-2360
Iran Rial	118.35*	90.60*	Japan	317-322
Kuwait Dinar(KD)	0.3935-0.3942	0.2975-0.2976	Netherlands	4.27-4.31
Luxembourg Fr.	76.50-76.60	58.20-58.25	Norway	10.87-10.98
Malaysia Dollar	3.0780-3.0820	2.3260-2.3290	Portugal	193-204
New Zealand Dlr.	2.6400-2.6450	1.9950-1.9990	Spain	209½-219
Saudi Arab. Riyal	4.6720-4.6770	3.5300-3.5310	Sweden	10.97-11.08
Singapore Dollar	2.8200-2.8300	2.1380-2.1390	Switzerland	3.16¼-3.21¼
Sth African Rand	2.0500-2.0570	1.5560-1.5600	United States	1.31¼-1.33¼
U.A.E. Dirham	4.8595-4.8650	3.6720-3.6730	Yugoslavia	197-223

* Selling rate.

CURRENCY MOVEMENTS

Aug. 14	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.8	−11.6
U.S. dollar	136.4	+24.0
Canadian dollar	89.6	−5.3
Austrian schilling	114.2	+5.5
Belgian franc	89.8	−10.4
Danish Kroner	77.4	−6.6
Deutsche mark	123.7	+7.1
Swiss franc	141.8	+6.6
Guilder	113.4	+4.0
French franc	65.4	−16.7
Lira	47.8	−13.6
Yen	155.1	+11.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.771839	0.587896
U.S. $	9	1.01572	0.775776
Canadian $	12.44	[illegible]	[illegible]
Austria Sch.	4½	[illegible]	[illegible]
Belgian Fr	11	59.4602	45.2717
Danish Kr.	7	10.7130	8.15753
D'mark	4½	2.94061	2.24240
Guilder	5	3.31489	2.52522
French Fr.	9½	n/a	6.88273
Lira	15½	1813.06	1381.58
Yen	5	246.464	187.718
Norwgn Kr.	8	8.43860	6.43694
Spanish Pts.	—	167.492	127.441
Swedish Kr.	9	8.51986	6.44114
Swiss Fr	4	2.47428	1.88585
Greek Dr'ch	20½	n/a	89.3014
Irish Punt	12¾	0.654824	0.727235

* C$/SDR rate for August 10: Not available.

THE POUND SPOT AND FORWARD

Aug 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3115-1.3270	1.3180-1.3190	0.13-0.16c dis	−1.32	0.50-0.55dis	−1.59
Canada	1.7130-1.7295	1.7205-1.7215	0.25-0.35c dis	−2.08	0.87-1.00dis	−2.16
Nethlnd.	4.28½-4.30½	4.28¾-4.29¾	1⅝-1½c pm	4.50	4⅝-4½pm	4.08
Belgium	76.45-77.15	76.50-76.60	2-7c dis	−0.70	11-22dis	−0.86
Denmark	13.80½-13.89½	13.84½-13.85½	¼ore pm-¾dis	−0.22	0.90-2.10dis	−0.43
Ireland	1.2315-1.2385	1.2340-1.2350	0.16-0.32p dis	−2.33	0.70-0.93dis	−2.64
W. Ger.	3.78¼-3.82	3.80-3.81	2-1¾pf pm	5.91	4¾-4½pm	4.98
Portugal	198.35-200.50	198.35-198.45	210-615c dis	−24.87	525-1280dis	−17.94
Spain	216.00-217.60	216.00-216.20	55-85c dis	−3.89	220-270dis	−4.53
Italy	2338½-2365¼	2341-2342	6-8lire dis	−5.56	24-27dis	−4.36
Norway	10.88-10.95	10.92-10.93	1.70-2.65ore dis	−2.39	3.70-6.80dis	−2.29
France	11.69¾-11.77½	11.70½-11.71½	½c pm-⅞ dis	−0.38	2⅞-4⅝dis	−1.19
Sweden	10.98-11.06	11.03-11.04	2.10-3.00ore dis	−2.77	7.85-8.95dis	−3.05
Japan	318-320¼	319¼-320¼	1.30-1.20y pm	4.69	3.25-3.10pm	3.97
Austria	26.80-27.00	26.81-26.86	9½-8¼gro pm	4.17	24½-21pm	3.43
Switz.	3.18¼-3.21½	3.18¾-3.19¾	2-1⅝c pm	6.81	4¾-4⅝pm	5.72

Belgian rate is for convertible francs. Financial franc 77.20-77.30. Six-month forward dollar 1.26-1.31c dis, 12-month 2.55-2.70c dis.

THE DOLLAR SPOT AND FORWARD

Aug 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3115-1.3270	1.3180-1.3190	0.13-0.16c disc	−1.32	0.50-0.55dis	−1.59
Ireland†	1.0635-1.0745	1.0665-1.0675	0.11-0.06c pm	0.95	0.34-0.23pm	1.06
Canada	1.3025-1.3070	1.3060-1.3065	0.07-0.10c dis	−0.78	0.18-0.21dis	−0.60
Nethlnd.	3.2300-3.2855	3.2480-3.2480	1.65-1.61c pm	6.05	4.48-4.44pm	5.52
Belgium	57.85-58.65	58.20-58.25	3-1½c pm	0.46	11-8pm	0.66
Denmark	10.43¾-10.54¾	10.45¾-10.48¼	1.20-0.70ore pm	1.09	3.25-2.75pm	1.15
W. Ger.	2.8580-2.9040	2.8875-2.8885	1.65-1.60pf pm	8.79	4.47-4.42pm	6.16
Portugal	150½-151¼	150½-151	150-450c dis	−23.94	350-900dis	−18.56
Spain	164.00-165.00	164.75-164.85	35-50c dis	−3.09	115-145dis	−3.15
Italy	1768-1785½	1774-1775	3½-4lire dis	−2.64	12¼-13¼dis	−3.00
Norway	8.2400-8.3120	8.2475-8.2525	0.60-1.00ore dis	−1.09	1.20-1.70dis	−0.70
France	8.7850-8.9100	8.8575-8.8625	0.55-0.35c pm	0.61	1.10-0.80pm	0.43
Sweden	8.3220-8.3875	8.3325-8.3375	0.75-1.25ore dis	−1.44	2.80-3.30dis	−1.46
Japan	240.00-242.90	241.55-241.65	1.27-1.17y pm	6.07	3.45-3.35pm	3.64
Austria	20.10-20.35	20.21-20.22	8½-8¼gro pm	5.07	28-24pm	4.87
Switz.	2.4010-2.4425	2.4205-2.4215	1.60-1.54c pm	7.82	4.33-4.27pm	7.14

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.55-58.65.

EXCHANGE CROSS RATES

Aug. 14	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.319	3.806	319.8	11.71	3.193	4.288	2342.	1.721	76.55
U.S. Dollar	0.758	1.	2.888	241.6	8.860	2.421	3.249	1775.	1.306	58.03
Deutschemark	0.263	0.347	1.	84.03	3.078	0.839	1.127	615.4	0.452	20.12
Japanese Yen 1,000	3.129	4.024	11.90	1000.	36.62	9.984	13.41	7323.	5.382	239.4
French Franc 10	0.854	1.126	3.249	273.1	10.	2.727	3.661	2000.	1.470	65.37
Swiss Franc	0.313	0.413	1.192	100.2	3.668	1.	1.343	733.4	0.538	23.98
Dutch Guilder	0.233	0.308	0.887	74.56	2.731	0.745	1.	546.1	0.401	17.88
Italian Lira 1,000	0.426	0.563	1.625	136.6	5.001	1.363	1.831	1000.	0.735	32.69
Canadian Dollar	0.581	0.766	2.211	185.8	6.804	1.856	2.491	1361.	1.	44.48
Belgian Franc 100	1.306	1.722	4.971	417.7	15.30	4.170	5.601	3059.	2.248	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): [illegible]

MONEY MARKETS

UK rates ease on base rate hopes

Interest rates were lower in London yesterday, reflecting a continuation of the recent bullish trend. The U.S. dollar lost ground yesterday and sterling benefited as a result. Despite the relatively sudden turnaround in sentiment, the market still showed strong signs of expecting another reduction in UK base rates in the short term.

This was underlined once again by the reluctance of discount houses to part with paper outright on the hope of lower rates. Consequently the Bank of England took out the day's shortage through sale and repurchase agreements. Three-month interbank money was traded at 10⅞-10 ⅞ per cent on Monday and three-month eligible bank bills were bid at 9⅞-10 per cent compared with 10$\frac{5}{16}$ per cent. Overnight interbank money opened at 11¼-11⅜ per cent and traded at 11¼-11⅜ per cent for much of the morning before easing to 11-11¼ per cent. Rates touched a low of 8 per cent although late balances commanded up to 10 per cent.

The Bank of England forecast a shortage of around £550m with factors affecting the market including maturing assistance and a take out of Treasury bills together draining £303m and the unwinding of previous sale and repurchase agreements a further £607m. In addition banks brought forward balances £55m below target. These were partly offset by Exchequer transactions which added £360m and a fall in the note circulation of £75m. The Bank offered an early round of assistance to help offset the shortage and arranged sale and repurchase agreements on £338m of bills for resale on August 17 and £138m for resale on August 20, all at 11 per cent. The forecast was later revised to a shortage of around £700m before taking into account the early help and the Bank gave additional help in the morning of £190m through further sale and repurchase agreements maturing on August 20 at 11 per cent. There was no intervention in the afternoon although the authorities provided late assistance of £15m, making a total of £666m.

In Brussels the rate on four-month Treasury bonds was reduced to 11.75 per cent from [illegible] per cent. The move was seen as an attempt to bring the rate into line with prevailing money market rates which have declined recently. The softer trend appears to be a reflection of the Belgian franc's better performance within the European Monetary System. At the same time the central bank reduced the rate on short term Treasury bill certificates. Rates on one, two and three-month bills were all cut to 11.5 per cent from 11.75 per cent.

UK clearing banks' base lending rate 11 per cent (since August 11)

MONEY RATES

Aug. 14	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	11¼	[illegible]	[illegible]	6.29688	[illegible]	8.25	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lombard	[illegible]	—	—	[illegible]	—	—	—	—
Intervention	—	11¼	—	—	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Aug. 14 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Discount Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. August 14)
3 months U.S. dollars

bid 11 13/16	offer 11 15/16

6 months U.S. dollars

bid 12 1/16	offer 12 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	—	—	—	—
Three years	[illegible]	[illegible]	—	—	—	—
Four years	[illegible]	[illegible]	—	—	—	—
Five years	[illegible]	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period July 4 to August 7 1984 (inclusive): 11.781 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from August 1 1984. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rate for sums at seven days' notice 8 per cent. Treasury Bills: Average tender rates of discount 10.0425 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 11 per cent; one-three months 10¾ per cent; three-six months 10¼ per cent; six-nine months 10¾ per cent; nine-12 months 10½ per cent. Under £100,000 10¾ per cent from August 13. Deposits held under Series 5 10¾ per cent. The rates for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	13
Broker loan rate	12¾
Fed funds	11⅝
Fed funds at intervention	11⅝

Treasury Bills

One month	9.40
Two month	10.06
Three month	10.40
Six month	10.56
One year	10.68

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Prices firm

There was a firmer tone to prices on the London International Financial Futures Exchange yesterday. Eurodollar's for September delivery opened at 88.38 compared with 88.30 previously and touched a peak of 88.49. A late rally in the U.S. bond market on Monday boosted the contract, and the firmer trend continued after the announcement of a fall of 0.9 per cent in U.S. July retail sales, after a revised increase of 0.5 per cent in June. The September contract finished at 88.43.

The rally in U.S. credit markets overnight and following the U.S. retail sales figures also helped support gilt futures and short-term sterling.

Three-month sterling deposits also gained ground on hopes of further cuts in London clearing bank base rates, finishing near the highest level of the day. September delivery closed at 90.16, after rising to a peak of 90.19, and opening at 89.97, against 89.85 on Monday.

Gilt futures were helped by the late rally in U.S. bonds, an easing of London money market interest rates, and the strength of sterling on the foreign exchanges. The September contract closed at 107-03, after touching a high point of 107-04, compared with an opening of 106-05, and a previous settlement of 105-15.

U.S. Treasury bonds were only slightly firmer on the day on nervousness ahead of the economic data to be published in the U.S. this week.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	88.43	88.49	88.33	88.30
Dec	88.07	88.13	87.94	87.92
March	87.84	87.90	87.60	87.65
June	87.66	87.72	87.52	87.46
Sept	87.51	87.51	87.44	87.30

Est volume 4,108 (4,123)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	90.16	90.19	89.86	89.85
Dec	90.29	90.32	89.96	89.96
March	89.88	89.88	89.55	89.53
June	89.63	89.63	89.54	89.35

Est volume 2,032 (852)
Previous day's open int 8,214 (8,386)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	107-03	107-04	106-02	105-18
Dec	106-07	106-07	105-04	104-22
March	105-16	—	—	104-01
June	105-03	—	—	103-18

Est volume 2,835 (3,119)
Previous day's open int 3,893 (3,735)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) par to 08 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3265	1.3265	1.3150	1.3077
Dec	1.3325	1.3325	1.3215	1.3130
March	1.3395	—	—	1.3195

Est volume 30 (27)
Previous day's open int 3,637 (3,544)

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Sept	88.59	88.62	88.49	88.51
Dec	88.20	88.28	88.11	88.12
March	87.89	87.90	87.64	87.64
June	87.60	87.60	87.78	87.44

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3488	0.3505	0.3468	0.3455
Dec	0.3551	0.3551	0.3549	0.3507

Est volume 52 (19)
Previous day's open int 321 (328)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4170	0.4170	0.4125	0.4167
Dec	0.4242	—	—	0.4179

Volume 177 (nil)
Previous day's open int 2,229 (2,229)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4166	0.4175	0.4166	0.4121
Dec	0.4226	—	—	0.4179

Volume 2 (nil)
Previous day's open int 187 (187)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	109.30	109.50	108.50	108.45
Dec	109.45	—	—	108.80
March	109.45	—	—	108.80

Volume 302 (393)
Previous day's open int 1,034 (1,076)

CHICAGO

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	65-20	66-02	65-13	65-10
Dec	65-01	65-12	64-30	64-22
March	64-17	—	—	64-05

Est Volume 934 (988)
Previous day's open int 2,011 (1,962)

U.S. TREASURY (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	65-22	66-04	65-19	65-14
Dec	65-01	65-08	64-29	64-25
March	64-14	64-21	64-12	64-08
June	63-30	64-07	63-30	63-25
Sept	63-18	63-24	63-18	63-14
Dec	63-07	63-17	63-07	63-04
March	62-29	63-03	62-29	62-27
June	62-20	63-00	62-20	62-19

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	89.69	89.69	89.64	89.62
Dec	89.32	89.33	89.30	89.25
March	89.06	89.06	89.04	88.99
June	88.85	88.86	88.82	88.79
Sept	88.68	88.68	88.68	88.69
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	88.40	88.41	89.40	88.34
June	—	88.28	—	88.25

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	88.15	88.20	88.05	88.05
Dec	87.78	87.84	87.77	87.66
March	87.51	87.57	87.47	87.40
June	87.33	87.36	87.27	87.19
Sept	87.15	87.15	87.15	87.02
Dec	87.01	87.02	87.01	86.88

STERLING (IMM) $ per £

	Latest	High	Low	Prev
Sept	1.3255	1.3290	1.3180	1.3205
Dec	1.3320	1.3345	1.3250	1.3270
March	1.3400	1.3450	1.3330	1.3345
June	—	—	—	1.3755

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	65-19	65-22	65-17	65-14
Dec	65-26	65-29	65-25	65-20
March	65-00	65-05	65-00	64-25
June	—	—	—	64-08
Sept	—	—	—	63-23
Dec	—	—	—	63-13
March	—	—	—	62-31
June	62-14	62-14	62-14	62-11

Company Notices

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 14.

U.S. DOLLAR STRAIGHTS — OTHER STRAIGHTS — FLOATING RATE NOTES — DEUTSCHE MARK STRAIGHTS — CONVERTIBLE BONDS — SWISS FRANC STRAIGHTS — YEN STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Convertible bonds	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nissan Motor 5¾ 98	4/83	700	98⅝	99⅝	−0⅜	7.43
Ono Pharm'cal Co 3¼ 98	3/84	9480	134	136	+0½	31.84
Orient Leasing 5½ 98	8/83	2680	126¼	127¾	+1	−2.97
Secom 5 98	11/83	2928	164	166	+0¼	0.58
Sekisui House 3 99	6/84	812	90⅞	91⅞	+0⅛	2.40
Sumitomo Corp 2⅞ 99	5/84	593	85¾	86½	+1⅛	3.29
Yamanouchi Pharm'cal 4 98	10/83	7800	94⅞	96⅜	+2¼	23.47
Nippon Oil Co 2¼ 92 SF	3/84	1062	†102	102¼	0	11.70
Nippon Shinpan Co 2 92 SF	3/84	881	†98½	99¼	−0½	28.83
Settsu Paper 2¼ 92 SF	4/84	677	†142	142½	−0½	1.32
Asics 5 92 DM	12/83	520	100	101	+0⅛	22.71
Sun Realty 6¼ 92 DM	2/83	385	138⅞	140⅛	−2	−5.43

* No information available-previous day's price
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cr. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Mellon in $100m Eurobond debut issue

By Peter Montagnon, in London

MELLON BANK of the U.S. launched its first public borrowing in the Euromarkets yesterday with the issue of $100m in three year deposit notes bearing interest at 13 per cent.

Led by Lehmann Brothers International, alongside Credit Suisse First Boston and Goldman Sachs, the bonds are priced at 100½. The initial reception was positive and the paper traded at a discount of around 1 per cent – well within its total fees of 1½.

This is a relatively rare issue of unsubordinated bank paper in the bond market. Holders of the paper will rank pari passu with the bank's depositors. Its letters of credit are rated AAA in the U.S., making it one of the few top rated banks.

BHF Bank bond average		
August 14		Previous
99.231		99.217
High	1984	Low
100.009		98.058

The issue came as the secondary market consolidated after Monday's losses with gains of about ½ point recorded on the back of a recovery of the New York bond market. Monday's $200m issue for the European Investment Bank was selling rather slowly, however. It traded at a discount of about 2 points, close to its total fees of 2½.

In Switzerland, a SwFr 200m public convertible issue has been launched for the U.S. computer concern Wang by First Chicago. The 15 year bonds bear an indicated coupon of 4½ per cent with an indicated premium of 30 per cent. Continental bond markets were little changed in quiet trading.

Agencies add: Belgium has cut the rate paid on one, two and three-month Treasury certificates by ¼ point to 11½ per cent, along with a reduction in the rate for four-month money market paper known as fonds des rentes certificates by 0.15 points to 11.75 per cent.

The Banque Nationale de Belgique said yesterday the cuts followed declines in the rate paid on short-term Belgian franc deposits on the interbank market. These rates have declined by 1/16 to ¼ point over the past week.

Amsterdam-Rotterdam Bank plans a Fl 100m, 9.25 per cent capital bond issue due 1985/2004, with the issue price to be announced on August 20.

The bonds will be redeemed in 20 annual instalments, starting on October 1 1985. Early redemption is not allowed. Subscriptions close on August 21 with payment date September 28.

OVER-THE-COUNTER

Continued from Page 29

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]